

FEDERAL HIRING FROM THE WELFARE ROLLS

HEARING
BEFORE THE
SUBCOMMITTEE ON CIVIL SERVICE
OF THE
COMMITTEE ON
GOVERNMENT REFORM
AND OVERSIGHT
HOUSE OF REPRESENTATIVES
ONE HUNDRED FIFTH CONGRESS
FIRST SESSION
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FEDERAL HIRING FROM THE WELFARE ROLLS

THURSDAY, APRIL 24, 1997

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON CIVIL SERVICE,
COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT,
Washington, DC.

The subcommittee met, pursuant to notice, at 9:37 a.m., in room 311, Cannon House Office Building, Hon. John L. Mica (chairman of the subcommittee) presiding.

Present: Representatives Mica, Morella, Cox, Sessions, Pappas, Norton, Cummings and Ford.

Staff present: George Nesterchuk, staff director; Ned Lynch, senior research director; Caroline Fiel, clerk; and Cedric Hendricks, minority professional staff member.

Mr. MICA. Good morning. I'd like to call this meeting of the House Civil Service Subcommittee to order. This morning's hearing will deal with Federal hiring from the welfare rolls, an important subject, and a proposal by the President and this administration.

First, however, I would like to take just a moment and welcome to our subcommittee a new ranking member. As some of you may know, Mr. Holden from Pennsylvania had served since the beginning of this session as ranking member, and has transferred to the Transportation Committee. But we've had the honor of Mr. Cummings serving on this panel during the past year, and he's moved to the ranking position, Elijah Cummings from Maryland. I'm delighted to have him move in this important position of responsibility and would like to welcome him as the ranking member. I don't think that he's all signed and sealed yet until there's approval from the full committee, but we're delighted to have him on board. I know he shares our interest in the welfare of those who are employed by our Federal Government and also has a very keen interest in serving the people of his district and the people that we represent from our American family.

So with that, Mr. Cummings, you're most welcome to join us and serve as ranking member.

Mr. CUMMINGS. Thank you very much, Mr. Chairman. I'm honored to act as the ranking member on the subcommittee with such important, such an important constituency. Decisions that we make as a collective body have broad and meaningful implications for thousands of Federal employees and retirees in my congressional district in Baltimore and across the Nation.

I pledge to work with you, Mr. Chairman, in a bipartisan fashion and the various groups that are here today so that we represent

Federal workers and retirees who have dedicated their lives to the service of our country.

I've tried to pay particular attention to legislation affecting Federal employees. The Baltimore area is home to thousands of Federal employees and retirees. I'm a member of the Federal Government Service Caucus, which is a group concerned with the issues facing Federal employees. And I am committed to the fair and equitable treatment for Federal employees and retirees.

Mr. Chairman, the President is to be commended for committing the Federal Government, the Nation's largest employer, to the goal of moving Americans from welfare to work. By challenging agency and department heads to focus their recruitment efforts upon welfare recipients, they have identified more than 10,000 job opportunities which can be dedicated to this initiative. This represents our fair share toward the achievement of his larger goal of moving 700,000 adults off the welfare rolls and into the workforce over the next 4 years.

The President has issued a similar challenge to the private sector as well as nonprofit and religious organizations across the Nation. As they respond in kind, sufficient jobs should become available to make welfare reform work. I did not support legislation which became law last year because, among other things, it abandons our poor families and children who need us the most.

I believe in reforming our current welfare system, including putting an end to waste, fraud, and abuse. I've always believed that we must reward work and put an end to a welfare system that perpetuates dependency. However, we must reform our welfare system with compassion. We must continue to provide food, clothing and shelter for our most defenseless citizens, our children.

However, I believe that every effort must be made to ensure that those individuals who will soon lose their safety net that food stamps and Medicaid provide, have the means to support themselves and their families.

I recognize that some concerns have been raised about how realistic the goal is that the President set for Federal job opportunities. One is raised that the launching of a targeted hiring program to fill 10,000 jobs at the same time we are in the midst of an ongoing effort to reduce the Federal workforce by 272,000 positions does present a conflict.

What must be remembered, however, is that despite the downsizing, there are positions which become vacant that are being filled every day. In fact, last year the Government hired 58,000 permanent and 140,000 temporary employees. Whether there are a sufficient number of Federal job opportunities at the entry level remains to be seen, but what is important is that we put forth the effort to find them.

Other concerns have been raised about the negative impact this initiative could have on the current Federal workforce. Based on what I presently know about how this program will be managed, no current employees will be displaced, and all existing priorities and preferences will be respected. I plan to fully explore this issue with the witnesses representing the administration. I want to be assured by them that my understanding is correct.

Finally, Mr. Chairman, I believe, as does my colleague Congresswoman Norton, that we in the legislative branch of Government should also commit to providing jobs for welfare recipients. She has introduced a bill urging individual Members to do so. I support her bill. And I have someone working in my district office that was once on welfare. In fact, she has worked for me for many years, even before I became a Member of Congress. She is an outstanding employee. There is more than a paycheck that comes with employment. It is self-esteem and self-respect that extend to the children and the family.

Mr. Chairman, I very much appreciate your scheduling this hearing so that we might learn more about the President's initiative. I look forward to hearing the testimony of today's witnesses, and I want to thank you again for your very kind words.

Mr. MICA. I thank you. And, again, welcome you as ranking member.

We also are privileged this morning to have with us a new Member of the panel recently appointed. And I would like to recognize Mr. Harold Ford, Jr., from Tennessee, and delighted to have you serve with us on this important subcommittee, and we welcome you.

Normally the chairman leads off with a statement, but this being Mr. Cummings' first opportunity as a ranking member and your first meeting with our subcommittee, I would like to recognize you at this time and welcome you.

Mr. FORD. Thank you, Mr. Chairman. Let me also thank our ranking member, Mr. Cummings and to Ms. Holmes Norton and to all of my other colleagues on the committee.

Let me begin by thanking Mr. Waxman of the Democratic Steering Committee for providing me with an opportunity to join this very important committee as we grapple and wrestle with some of the tough issues of the day. I'm delighted to see this panel here.

I will refrain from long opening remarks or comments out of deference to allowing those who have come to speak to have an opportunity to speak. So thank you, Mr. Chairman, and thank you, my ranking member.

[The prepared statement of Hon. Harold E. Ford, Jr., follows:]

Let me begin by thanking Mr. Waxman and the members of the Democratic Steering Committee for providing me with an opportunity to join the Committee on Government Reform and Oversight and the Subcommittee on Civil Service. I look forward to serving my constituents and the citizens of this nation as I work with my colleagues on both sides of the aisle on the important issues that we will face in this Committee and Subcommittee.

The challenges we face as a nation as we begin to undertake the monumental task of moving hundreds of thousands of Americans off public assistance and into the workforce will be numerous and difficult - with few, if any, easy answers. As a result, our goal must be to work together to ensure that we find effective, efficient, and creative ways to help the neediest among us make the transition from dependence to independence.

It is with this principle in mind that I approach this hearing and the President's call to federal agencies to hire 10,000 individuals from public assistance over the course of the next 4 years. Although I have some questions and concerns about the President's plan, I can promise that any criticism I have will be constructive, because I recognize the critical importance of us working together to achieve our ultimate goal of ensuring that we provide meaningful work opportunities for those Americans who must make the transition from welfare to work.

Mr. MICA. Thank you, and welcome. And as I always say, that whether you're a freshman or ranking member, you have a full access to service and all of the information and opportunity to participate. So we're delighted to have you and look forward to your service.

I will begin with my opening statement now and then recognize Ms. Norton. We haven't forgotten you, Ms. Norton, but I wanted to defer to our new panelists, and we will get to you next.

Again, ladies and gentlemen, today's hearing is called for the purpose of examining President Clinton's directive to Federal agencies to hire as many as 10,000 former welfare recipients for civil service positions in the next 4 years. We recognize the importance of assisting former welfare recipients to become self-sufficient. That's an important goal. But we also have a responsibility to ensure fair and equitable treatment for thousands of current and former Federal employees. That's one of our most important responsibilities on this subcommittee.

Our subcommittee's oversight of the civil service requires us to make certain that in implementing the President's plan, Federal agencies did not compromise the basic tenets of the merit system. The taxpayers must also be assured that the high standards for experience and integrity in public service and employment are maintained.

There are three basic concerns that I'd like to address today in our hearing. First, should Federal employment provide a solution to resolve the social welfare problem? Sort of a basic question in again, our role as Federal employers and representatives of the people. The administration's initiative appears to fly in the face of extensive experience that we have learned to date on this panel. Federal agencies have been involved in Welfare-to-Work Programs for nearly 30 years and have vast experience in this area.

That experience, as witnesses will demonstrate today, teaches that making the welfare-to-work transition a success requires intensive training, demanding supervision, a high level of discipline and also a firm commitment on the part of, both, the people making the transition and their employers.

This can be a laborious and extensive proposition. In such States as Wisconsin and Oregon, where welfare caseloads have been reduced substantially, the President's approach may be simply irrelevant to these success stories.

My second area of concern is for the thousands of capable and dedicated public servants who have been separated from their jobs and are currently awaiting re-employment on priority placement lists. We have tens of thousands of temporary employees in our Federal workforce that are hired each year without the right to participate in the retirement system.

The subcommittee has received many letters from individuals, and I, as Chair, have also heard from many folks in Federal employment who worked as long as 8 years as temporary employees; for example, the Federal Deposit Insurance Corporation. During the resolution of our Nation's banking problems, a lot of these folks put in a tremendous amount of service. They never became eligible to enter the retirement system. Yet that particular benefit is, in fact, being proposed to be extended to welfare special hires. The

President's plan could create some serious inequities among Federal employees.

I received numerous letters, but let me read, if I may, from this particular letter from a Social Security employee, not to be identified, which illustrates the dilemma we face.

"As a temporary employee hired by the Social Security Administration, I have no benefits. You lose your life insurance, and health insurance is limited to 18 months. Also, you're dropped from the retirement rolls." And, this individual said, "I have 21 years of Federal service, and my contributions to the retirement fund is stopped. Sir, you are a Federal employee. How would you assess this situation I now endure?"

So these are questions that are posed to me. And, again, just one example that I've received which illustrates the dilemma we face.

After many years of bipartisan efforts to reform the management of Federal agencies, we've entered the reinvention era 4 years ago. We've reduced the number of managers and supervisors in the workplace. We've reinvented jobs to get rid of some of the occupations and moved to greater reliance on technology. For example, out of nearly 2 million jobs, fewer than 300 positions are now at the GS-1 level, where much of the welfare-to-work hiring is to occur. That's my understanding.

The Department of Defense has drawn down over 200,000 positions since 1989, and may lose another 100,000 positions in the next few years. Between 1994 and 1996, Federal agencies spent close to \$3 billion paying buyouts to almost 130,000 Federal employees, 92 percent of whom retired with tax-supported pensions to supplement that golden handshake that we provided. So these situations do raise some various—very serious questions.

In response to the administration's demands last year, Congress extended the \$25,000 buyouts into fiscal year 1998. So here we are in a situation where we're buying out people's jobs, we have folks by the thousands that are in temporary positions, we're limiting benefits, and then we're hiring folks from the welfare rolls onto the Federal payroll. So it raises, again, many questions that need to be addressed.

OPM reports that about 27,000 employees were involuntarily separated by reductions in force in 1993. Because of the administration's insistence last year, we continue to pay the \$25,000 buyouts to reduce or reinvent the current workforce. After all these initiatives to reform, reduce, and reinvent the Federal workforce, how can we justify the welfare hiring program? It's likely to cost about \$200 million per year in salaries and benefits. Simple math can get you to that startling figure. In fact, I think it's close to a quarter of a billion.

Why are we placing such a prominence on efforts to hire new unskilled employees when recently RIF'd employees still, in fact, need jobs.

I look forward to exploring these questions and receiving response from the administration and others involved in this proposal because it does, as I said, pose some very serious questions that should have a firm and adequate response before we move forward.

With those long remarks, I don't have a lot of folks on my side, so I took a little of their time.

[The prepared statement of Hon. John L. Mica, and the letters referred to follow:]

DAN BURTON, INDIANA
CHAIRMAN

HENRY A. YOUNG, CALIFORNIA
RANKING MEMBER

ONE HUNDRED FIFTH CONGRESS

Congress of the United States
House of Representatives

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Opening Remarks of the Honorable John L. Mica
Chairman, Civil Service Subcommittee
Welfare to Work Hearing
April 24, 1997

Today's hearing will examine President Clinton's directive to federal agencies to hire as many as 10,000 former welfare recipients for civil service positions in the next four years. We recognize the importance of assisting former welfare recipients to become self-sufficient. But we also have a responsibility to ensure fair and equitable treatment for thousands of current and former federal employees.

Our Subcommittee's oversight of the civil service requires us to make sure that in implementing the President's plan federal agencies do not compromise the basic tenets of the merit system. The taxpayers must be assured that the high standards for excellence and integrity in public service are maintained.

There are three basic concerns that I would like to address in this hearing.

First, should federal employment provide a solution to resolve a social welfare problem. The Administration's initiative appears to fly in the face of extensive experience. Federal agencies have been involved in welfare to work programs for nearly thirty years.

That experience, as witnesses today will demonstrate, teaches that making the welfare to work transition a success requires intensive training, demanding supervision, a high level of discipline and commitment -- on the part of both the people making the transition and their employers. This can be a laborious and expensive proposition. In states such as Wisconsin and Oregon, where welfare caseloads have been reduced substantially, the President's approach is simply irrelevant to the success stories.

My second concern is for the thousands of capable and dedicated public servants who have been separated from their jobs and are currently awaiting re-employment on priority placement lists. We have tens of thousands of temporary employees are hired each year without the right to participate in the retirement system.

The Subcommittee has received many letters from individuals who worked as long as eight years as temporary employees for the Federal Deposit Insurance Corporation during the resolution of the nation's banking problems. They never became eligible to enter the retirement system.

Yet that particular benefit is being extended to welfare special hires. The President's plan could create some serious inequities among federal employees.

Let me read a passage from a letter I recently received to underscore this point:

"As a temporary employee, hired by SSA here in Philadelphia (not to exceed 9-27-97) I have no benefits. You lose your life insurance and health insurance is limited to 18 months.

Also, you are dropped from the retirement rolls (I have 21 years of federal service) and my contributions to the retirement fund is stopped. Sir, you are a federal employee--how would you assess this situation I now endure.”

After many years of bipartisan effort to reform the management of federal agencies, we entered the reinvention era four years ago. We have reduced the number of managers and supervisors in the workplace. We've reinvented jobs to get rid of some occupations and moved to greater reliance on technology. For example, out of nearly two million jobs, fewer than 300 positions are at the GS-1 level where much of the welfare-to-work hiring is to occur.

The Department of Defense has drawn down over 200,000 positions since 1989 and may lose another 100,000 in the next few years. Between 1994 and 1996 Federal agencies spent close to \$3 billion paying buyouts to almost 130,000 federal employees -- 92 percent of whom retired with tax-supported pensions to supplement that golden handshake. In response to Administration demands last year Congress extended the \$25,000 buyouts into FY 1998.

OPM reports that about 27,000 employees were involuntarily separated by reductions in force since 1993. Because of the Administration's insistence, last year we continued to pay \$25,000 buyouts to reduce or "reinvent" the current workforce. After all these initiatives to reform, reduce and reinvent the federal workforce, how can we justify a welfare hiring program that is likely to cost about \$200 million per year in salary and benefits. Why are we placing such prominence on efforts to hire new, unskilled employees when recently-RIF'd employees still need jobs?

I look forward to exploring these issues with our panels this morning.

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From: [REDACTED]

March 24, 1997

MAR 31 1997

TO: The Honorable John Mica
U.S. House of Representatives
Washington, D.C. 20515

Subject: Follow Up to Letter Written on March 16, 1997,
Regarding The United States Government Hiring From
Welfare Rolls.

Sir:

The letter written on March 16, 1997, is certifying my displeasure with the hiring practices of the United States Government, however recent article in the Federal Times, dated March 24, 1997, concerning President Clinton's directive to train and recruit welfare recipients, surly convinces me of the apathy the federal government displays to its former employees, those that have been laid off (RIF) considered "DISPLACE FEDERAL EMPLOYEES".

As a temporary employee, hired by the SSA here in [REDACTED] (not to exceed 9-27-97) I have no benefits. You lose your life insurance and health insurance is limited to 18 months. Also, you are dropped from the retirement rolls (I have 21 years of federal service) and my contributions to the retirement fund is stopped. Sir, you are a federal employee--how would you assess this situation I now endure.

Enclosed is a copy of the article from the Federal Times, dated March 24, 1997. After you have read this article, the circumstances I present in this letter are very disturbing to me. For example, under this program, worker-trainees are hired as temporary employees, but they are eligible for coverage as a regular permanent employee. This is an astonishing fact to accept in my position. Many were hired as permanent employees and many hired as temporary employees in 1996.

My record as a federal employee is very good. I have all my documents to exemplify my performance and dedication to all the positions I held during my 21 years of tenure. They are at your disposal upon request.

Also, another fact that fascinates me, is that the directive permits federal agencies to bypass complex federal personnel hiring procedures and rules.

In contrast to the previous paragraph, I am still on the PPP Priority Placement Program (DOD) and the Reemployment Priority List (RPL) and I have ardently pursued federal employment, on my own without any assistance from any federal agency. I have to abide with all the rules and procedures concerning hiring practices and as a displaced employee. I think it is an abomination to all federal employees trying earnestly to get back into the federal workforce. I'm sure you would be somewhat concerned, [REDACTED] frustrated, if you were in my position.

This letter should alert all the legislators in the United States House of Representatives and the United States Senate, as to the inconsistency of the present federal hiring procedures. On one hand, many bases and installations were downsized and closed do to "BRAC" Base Realignment and Closure Act and on the other hand President Clinton's Directive to hire from the welfare rolls. Is there any common sense to the above? My opinion in the hiring procedures of the federal government is totally incomprehensible.

Affirmatively, could you explain to me what exactly the hiring rules are and what the government is trying to convey. I am still confused.

Common sense tells me that something is not in the acceptable perspective here. Your office must tell me my position and try to, in a professional manner, what steps I have to take to return to permanent federal employment.

Please respond to this letter at your earliest possible convenience.

Cordially,
[REDACTED]

Note: Also, I am a veteran. I understand that a Veterans Preference Bill (H.R. 240, Sponsored By Rep. John Mica R-Fla.) is now before the House of Representatives. Please explain to me how this bill will affect me now or in the future as a Displaced Federal Employee.

Enc: Article from the Federal Times dated March 24, 1997.

[REDACTED]
March 16, 1997

To: The Honorable John Mica
U.S. House of Representatives
Washington, D.C. 20515

Subject: United States Government Agencies Hiring From
Welfare Rolls

Sir:

I, [REDACTED], former Philadelphia Naval Shipyard employee, (Reduction in Force RIF effective 9-27-96) cannot understand and somewhat perplexed as to the methods the United States Government is trying to convey as far as employment procedures are concerned.

At the present time, my employment is now with the Social Security Administration here in Philadelphia. This position I now hold is a temporary position not to exceed one (1) year which will cease on 9-27-97.

When I was laid off from the Philadelphia Naval Shipyard my tenure accumulation was 21 years of federal service, which included four years of military service in the United States Air Force Active. As you well know, the Priority Placement Program in the Department of Defense and Reemployment Priority List (RPL) concerned with agencies outside the DOD are now hopefully working for me to again become a permanent federal employee. The former program, lasts for one year and latter program lasts for 2 years. After that period, if no positions are found for me, I become severed from the employment in government service. At present, I am considered a "DISPLACED FEDERAL EMPLOYEE".

The Graham-Rudman Act downsized and closed many military bases, hoping to trim the federal deficit, however, by hiring from the welfare rolls and leaving me a federal employee looking for a permanent position is not using common sense and fairness to me and everyone else who is now in the category.

I also took the United States Postal Examination and received a passing grade. At present my name is still on the waiting list to be hired.

It seems quite obvious that the government is not paying attention to its former employees. I have tried every aspect to gain federal employment as of this date and all I received is a temporary appointment in the SSA. Clearly, my hopes of employment are dwindling in this respect.

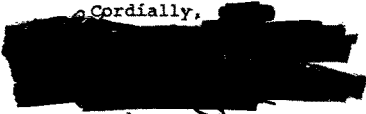
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Considering all the facts presented in this letter, is there any reason why I am surprised to hear of this recent proposal.

Please assist me in my attempt to stay in federal service. This matter is very important to me and my family. How would you address this situation if you were in my position? I do hope the substance of this letter will enlighten your thoughts and procedures surrounding federal employment.

A response to this letter is appreciated at your earliest possible convenience.

Cordially,



Enc: Article from Philadelphia Inquirer dated March 9, 1997

Mr. MICA. I'm delighted to recognize Ms. Norton, who does such a great job on behalf of the people of the District of Columbia. Welcome. You're recognized.

Ms. NORTON. Thank you very much, Mr. Chairman. They were not long, but they did raise important points, and I trust that this hearing will clarify some of those points. I regret that, because of an obligation at 10 o'clock, I'm not going to be able to stay after my opening statement. But this is an issue of considerable moment that in a real sense challenges us on the question of whether we really know how to make public policy, because we are going to be called upon to reconcile sometimes competing goals. And I believe that it can be done, that appropriate safeguards can be put in place.

Mr. Chairman, you have called this hearing soon after the President's announcement of his directive to hire 10,000 welfare recipients. You deserve our appreciation for initiating a hearing so soon that will bring out both the advantages and the potential problems of the President's directive. We should not expect that efforts to hire people not normally within the preferred labor pool would be without problems. Yet Congress has asked private employers to do exactly what the President is asking our own agencies to do.

If it may be difficult for us, it will also be difficult for the private sector. It is hard to argue that the Federal Government, the largest employer in the country, should be excused from hiring welfare recipients while even small businesses are exhorted to do so. If we simply catalog potential problems, we will be doing no more than writing the future testimony for private employers who want to avoid the same responsibility.

At the same time, if the President's directive is to work, some of the problems inherent in his initiative need to be explored so they can be eliminated. Potentially among the most serious are displacement of employees who have not resorted to welfare or of others who we have promised priority placement, and the grant of benefits otherwise unavailable to some Federal employees.

These issues are further complicated by the ongoing downsizing and reinvention of government. Yet if the President can avoid unacceptable repercussions, such as displacement of present or future employees, he will be doing the right thing.

As we hold this hearing concerning the Clinton initiative, the Congress must also be prepared to do what is right. To encourage Members of the House to employ welfare recipients, I have written a bill that arrives at the same place as the President does, yet avoids the problems, in part because unlike our Federal agencies, each Member is a small employer with an uncomplicated workplace.

In March, I introduced H.R. 1046, which would help facilitate and encourage Members to hire welfare recipients in their DC, or district office by increasing the staff allotment from 22 to 23 within Members' present budgetary allocations. Thus H.R. 1046 would neither add costs for the Government nor displace other employees or potential employees.

Some Members have already hired welfare recipients, as the ranking member has indicated he has, but others may feel constrained by the limit on the number of employees each Member

may now hire. Under current rules, House Members are limited to 22 staff in their Capitol Hill and district offices combined. My legislation would increase the maximum to 23 staff, but only if a Member has reached the maximum of 22, and only if the 23d is a full-time worker who was a welfare recipient at the time of hire.

Members would continue to be able, and indeed would be encouraged, to hire welfare recipients within their 22 staff member allocation, as some do now. At the present time, Members whose districts are spread over many miles, or who need their full complement for other reasons should not be barred from doing their part to help make welfare reform work when they have the funds but lack the authority to hire.

As Members, we have the ability to allocate or reprogram available money, depending on the needs of our offices. Many Members have the funds available and indeed return money each year. My bill removes the potential barrier to hiring welfare recipients. H.R. 1046 also conforms to the spirit of the Congressional Accountability Act, where we seek to apply the laws we enact to congressional Members, in this case as employers, as we have the laws or the obligation would apply to other Americans. H.R. 1046 provides Members with the flexibility to lead by example and to act in the spirit of the new welfare reform law.

The Congress that was serious about welfare reform last year must be serious about making the reform work this year. That, of course, is what the President is seeking to do. His effort has pitfalls, but they can be avoided if we or he include the necessary safeguards. Ours has no pitfalls.

In the end, it is the Congress that argued that welfare reform would be successful. It is time for us to prove it and help the President do the same. Thank you, Mr. Chairman.

Mr. MICA. I thank you, Mrs. Norton.

And we'd now like to recognize the gentleman from New Jersey, Mr. Pappas.

Mr. PAPPAS. Thank you, Mr. Chairman. I appreciate the opportunity to hear from these witnesses this morning. And as someone who before coming to Congress served as chairman of my county welfare board for over 10 years, I have a deep appreciation for those that have found themselves on public assistance and look forward to hearing what these folks have to say. And I thank you for holding this hearing.

Mr. MICA. I thank you.

And there being no other Members present, we will include the opening statements, without objection, as part of the record.

I would like to call on our first panel this morning, and introduce them.

Our first panel today is headed by John A. Koskinen, who is a very frequent witness on this panel. And he serves as the Deputy Director for Management at the Office of Management and Budget. Welcome back.

We also are pleased to welcome this morning the Honorable James B. King, who is recently reappointed by the President to serve as Director of the Office of Personnel Management. He served with distinction the last 4 years, and we enjoyed working with him.

Welcome back, Mr. King.

Also, we have with us another frequent witness from the Department of Defense, the Honorable Diane Disney, who serves as the Deputy Assistant Secretary of Defense for Civilian Personnel, and who represents, in fact, the Government's largest employer.

And we have two additional panelists, the Honorable Eugene A. Brickhouse, Assistant Secretary for Administration at the Department of Veterans' Affairs, who is accompanied by Joyce Felder, the Department's Associate Deputy Assistant Secretary for Human Resources.

I welcome our panelists. As most of you know, this is an investigations and oversight committee and subcommittee, and it is customary that we swear in our witnesses. So if you will please stand, and raise your right hand.

[Witnesses sworn.]

Mr. MICA. And the record will reflect that the witnesses answered in the affirmative.

Mr. MICA. I would like to welcome our panelists and witnesses today. And we're going to start by hearing the administration's justification for this proposal from Mr. Koskinen, Deputy Director for Management at the Office of Management and Budget. Welcome. And you're recognized, sir.

STATEMENTS OF JOHN A. KOSKINEN, DEPUTY DIRECTOR FOR MANAGEMENT, OFFICE OF MANAGEMENT AND BUDGET; JAMES B. KING, DIRECTOR, OFFICE OF PERSONNEL MANAGEMENT; DIANE DISNEY, DEPUTY ASSISTANT SECRETARY OF DEFENSE, CIVILIAN PERSONNEL, DEPARTMENT OF DEFENSE; AND EUGENE A. BRICKHOUSE, ASSISTANT SECRETARY FOR ADMINISTRATION, DEPARTMENT OF VETERANS' AFFAIRS, ACCOMPANIED BY JOYCE FELDER, ASSOCIATE DEPUTY ASSISTANT SECRETARY FOR HUMAN RESOURCES, DEPARTMENT OF VETERANS' AFFAIRS

Mr. KOSKINEN. Thank you, Mr. Chairman. I always enjoy having the opportunity to discuss significant issues with you and your subcommittee. I particularly appreciate the opportunity to discuss the Federal Government's role in one of the most important issues facing America today: welfare reform. With your approval, I will submit my prepared testimony for the record and briefly summarize it here this morning.

Mr. MICA. Without objection, so ordered.

Mr. KOSKINEN. Welfare reform has been a priority for the administration and Congress. As the President recently announced, by working with State and local governments, we were able to move 2.8 million people off the welfare rolls in the last 4 years. That represents 20 percent of all people on welfare in 1993. In 4 years we helped move as many people off of welfare as had gone on it in the previous 25 years.

But we must do more. Last summer, Congress passed landmark welfare reform legislation. This provided a new framework for moving an additional 2 million people off the welfare rolls by the year 2000. But, as the President has noted, reform didn't end with the granting of waivers or with the signing of the bill into law. For reform to take hold and last, we must move people off of welfare and into the workforce.

That's why, since signing the bill, the President has urged employers to play a part in this next, critical phase of welfare reform. We have a growing economy that is creating 200,000 jobs each month. The President is asking corporate America to provide opportunities for those who want to make better lives for themselves and their families by finding employment.

The President recognizes that the Federal Government is itself a major employer. And, as an employer, it has a role to play in helping move people from welfare to work. That's why he asked the Vice President to head up the effort to have the Federal Government, as an employer, do its fair share.

On April 10, the Vice President presented agency plans that could result in the hiring, during the next 4 years, of more than 10,000 people coming off the welfare rolls. These plans were put together by the agencies and were the product of consultation with personnel specialists, government unions, the National Partnership Council, and front-line managers.

These plans were put together in just 30 days, and they are likely to go through some refinements and improvements. Some of the jobs provided through the plans will be permanent. Some will be temporary. But each of them will give welfare recipients who want to change their lives new skills and experience that will help them hold jobs and move into new ones, in Government or in the private sector.

Today, you'll hear directly from some of the agencies about their specific plans. So, I would like to present a brief overview.

First, let me explain how we determined the Federal Government's "fair share" of jobs. The President's goal is to move 2 million people off of welfare by the year 2000. The average size of the welfare family is 2.8 people. So, those 2 million people translate into about 700,000 adults needing to move into the workforce.

The Federal Government now employs about 1.5 percent of the Nation's workforce, and it's appropriate that we take the responsibility for hiring that percentage of people coming off of welfare. This translates into about 10,000 jobs.

Second, let me explain how this is possible—even as we downsize. As we downsize, we are still hiring to fill vacancies. Last year, in fact, we hired about 58,000 permanent and 140,000 temporary employees. So, when you put it in perspective, a goal of hiring 10,000 welfare recipients over 4 years is reasonable.

Third, I'd like to stress that the bottom line of this effort is commitment, starting with the President and the Vice President and extending throughout the entire Federal Government. It's about completing the job of welfare reform. The President and Vice President see an opportunity for the Federal Government to galvanize the national push to take the next steps in welfare reform.

And finally, I would like to explain what the President's program is not. It is not a new preference program. There is no new category of work being set aside for welfare recipients, and there will be no displacement of those who might enter the government through veterans' preference or other such programs. Welfare recipients will go through the same tests and procedures as any other prospective employee. Further, it is not a make-work program. Jobs provided through this initiative will be real jobs, providing welfare

recipients with real skills, and the Federal Government with real results.

Mr. Chairman, that concludes my oral statement. I'll be happy to respond to any questions you may have. And, on behalf of the administration, I look forward to working with you and all in Congress to keep welfare reform moving forward. Thank you.

[Note.—The “Federal Welfare-To-Work Commitments—A Report to President Bill Clinton by Vice President Al Gore, 1997” can be found in subcommittee files, or can be obtained by calling (202) 632-0150.]

[The prepared statement of Mr. Koskinen follows:]

Statement of John A. Koskinen
Deputy Director for Management, Office of Management and Budget

Welfare to Federal Workforce Hearing

Subcommittee on Civil Service
Committee on Government Reform and Oversight
U. S. House of Representatives

April 24, 1997

Good morning, Mr. Chairman. I appreciate this opportunity to discuss the federal government's role in one of the most important issues facing America today, welfare reform.

Welfare reform has been a priority for the Administration and for the Congress. As the President recently announced, by working with State and local governments, we were able to move 2.8 million people off of the welfare rolls in the last four years. That represents twenty percent of all people on welfare in 1993. In four years, we helped move as many people off of welfare as had gone on it in the previous twenty-five years.

But, we must do more. Last summer, Congress passed landmark welfare reform legislation. This provided a new framework for moving an additional 2 million people off the welfare rolls by the year 2000.

From the outset, the President pledged to end welfare as we know it. Together with the Congress, we have put into place an unprecedented series of reforms that can accomplish that goal. But, as the President has noted, reform didn't end with the granting of waivers, or with the signing of the bill into law. For reform to take hold and last, we must move people *off* of welfare and *into* the workforce.

That's why, since signing the bill, the President has urged employers to play a part in this next, critical phase of welfare reform. We have a growing economy that is creating two hundred thousand jobs each month. The President is asking corporate America to provide opportunities for those who want to make better lives for themselves and their families by finding employment. Five corporations -- United Airlines, Sprint, Monsanto, United Parcel Service, and Burger King -- have signed on to help focus the private sector on giving welfare recipients the thing that they need most: jobs. Next month, the President will host a meeting at the White House with business leaders from across the country to help move the program forward.

The President recognizes that the federal government is, itself, a major employer. "And, as an employer, it has a role to play in helping people move from welfare to work. That's why he asked the Vice President to head up the effort to have the federal government, as an employer, do its fair share. On April 10, the Vice President presented agency plans that could result in the hiring during the next four years of more than 10,000 people coming off of the welfare rolls. These plans were put together by the agencies, and were the product of consultation with personnel specialists, government unions, the National Partnership Council, and front-line managers.

These plans were put together in just thirty days, and they're likely to go through some refinements and improvements. Some of the jobs provided through the plans will be permanent. Some will be temporary. But, each of them will give welfare recipients who want to change their lives new skills and experience that will help them hold jobs and move into new ones, in government or in the private sector.

Today, you'll hear directly from some of the agencies about their specific plans. So, I'd like to present a brief overview.

First, let me explain how we determined the federal government's "fair share" of jobs. The President's goal is to move 2 million more people off of welfare by the year 2000. The average size of a welfare family is 2.8 people. So, those two million people translate into about 700,000 adults needing to move into the workforce.

The federal government now employs about 1.5 percent of the nation's workforce. That is, by the way, the smallest percentage since 1931; and it will, of course, continue to shrink as government downsizes and the economy creates more and more jobs. But, we said that if the federal government has about 1.5 percent of the jobs, it's appropriate that we take the responsibility for hiring that percentage of the people coming off of welfare. That translates into about 10,000 jobs.

Second, let me explain how this is possible, even as we downsize. The latest figures from the Office of Personnel Management show that, since 1993, the federal government has eliminated over 300,000 positions. But, even as we downsize, we are still hiring to fill vacancies. Last year, in fact, we hired about 58,000 permanent and 140,000 temporary employees. So, when you put it in perspective, a goal of hiring 10,000 welfare recipients over four years is reasonable.

Third, I'd like to stress that the bottom line of this effort is commitment, starting with the President and Vice President, and extending throughout the entire federal government. It's about completing the job of welfare reform. It's about using our powers of persuasion to encourage those doing business with the federal government to follow our lead. The President and Vice President see an opportunity for the federal government to galvanize a national push to take the next steps in welfare reform. And, by working with the agencies, the Vice President was able to focus the federal government on issues that will be critical to welfare recipients not just getting, but also keeping, jobs -- issues like affordable day care and transportation. These issues face government and the private sector equally. And, frankly, this exercise has helped bring a sharper focus on the need to address those issues not just for former welfare recipients, but for all government employees at the lower end of the pay scales.

Finally, I'd like to explain what the President's program is *not*. It is not a new preference program. There is no new category of work being set aside for welfare recipients, and there will be no displacement of those who might enter the government through veterans' preference or other such programs. Welfare recipients will go through the same tests and procedures as any other prospective employee. Further, it is not a make-work program. Jobs provided through this initiative will be real jobs, providing welfare recipients with real skills, and the federal government with real results.

It is important to note, Mr. Chairman, that this approach is not untested. At the Cabinet meeting two weeks ago, the President and Vice President presented two women, now working for the Social Security Administration, who were given the chance to leave welfare and become federal employees. One of these women was given that chance in 1989, before this Administration took office. The other made the change more recently, just last year. They are proof that this can work; that it *has* worked. Given the opportunity, these two women, who, like ninety percent of all welfare recipients are single mothers, have gained new skills, and have become contributors to our economy. Theirs are the stories of effective and lasting welfare reform; and theirs are the stories that we hope to see repeated over and over again, in government and in the private sector.

Mr. Chairman, that concludes my prepared statement. I am happy to respond to any questions that you may have, and on behalf of the Administration, I look forward to working with you and all in Congress to keep welfare reform moving forward. Thank you.

Mr. MICA. I thank you for your testimony and would now like to recognize the Director of OPM, Mr. King, for his statement.

Mr. KING. Thank you, Mr. Chairman.

Mr. Chairman and members of the subcommittee, I thank you for this opportunity to speak on behalf of President Clinton's welfare-to-work program. I would, with the committee's approval, like to submit—

Mr. MICA. Mr. King, I'm not sure if your mic is on. We can't hear you too well.

Mr. KING. Mr. Chairman, that's the kindest thing anyone has ever said to me.

Mr. MICA. When I can't hear you audibly, I become concerned.

Yes, that's a good idea. Thank you.

We have interagency cooperation here.

Mr. KING. I would never use Mr. Koskinen's mic.

Mr. MICA. The question is how many people does it take to change a mic?

Mr. KING. It depends whether they're from OPM or OMB.

Mr. KOSKINEN. We'll just adjourn to the outside hall for a minute.

Mr. MICA. This interagency conflict must stop. Go right ahead.

Mr. KING. Thank you, Mr. Chairman. I was asking that I might submit my full statement for the record and give a brief summary of my—

Mr. MICA. Without objection, so ordered.

Mr. KING. Thank you, Mr. Chairman.

As you know, the President and Congress agreed to end welfare as we have known it, and President Clinton has set a goal of moving 2 million people off of welfare in the next 4 years. The President has asked the private sector to hire Americans who are leaving welfare, and he believes that the Federal Government, as the Nation's largest employer, has an obligation to provide opportunity and leadership in this area.

We at the Office of Personnel Management, OPM, are working with the National Performance Review staff, the White House Domestic Policy Council, the Office of Management and Budget and other agencies in this initiative, Mr. Chairman. We have convened meetings at which the officials of the National Performance Review, the Office of Management and Budget and the Department of Labor and other agencies briefed Federal personnel directors on welfare to work.

OPM has provided written guidance to the agencies on hiring options for these programs. We are working to involve the Federal Executive Boards and the Federal Executive Associations at the local level.

OPM is developing a program to track welfare hires government-wide, and we will use modern technology to get job information to people who often have not had access to it in the past.

We at OPM have identified 25 positions that have been targeted for the possible recruitment of welfare recipients in fiscal year 1997. We will consider welfare recipients for every position for which we recruit outside the agency. These will include temporary, term, and permanent positions, often at the entry level, such as clerks, laborers, and custodial workers.

Mr. Chairman, we are not creating jobs. The jobs exist. We are creating opportunity. We do not start with stereotypes about the people we hire. Some may have more skills and experience than the stereotypes would suggest, Mr. Chairman. For example, approximately 42 percent of welfare recipients have high school equivalent degrees, 16 percent have attended college, and 70 percent have recent work experience. But we recognize that some will need training and basic work habits and skills. Others may need child care and transportation assistance.

I believe we can learn a lot from programs such as the STRIVE program that's operating in New York, Boston, Chicago and Pittsburgh that has prepared some 14,000 people for entry-level jobs in the past 5 years. Strive reports that about 35 percent of a typical class quits after the first 3-hour orientation.

A nationally respected private sector program in Kansas City reports that about 50 percent of the 1,500 welfare recipients placed in jobs in the past 2 years are still at that same job. That statistic calls to mind a glass of water that is half empty or half full, depending on how you perceive it. A 50 percent success rate may be a good one when we consider the obstacles that many of these Americans have faced during their lives.

Also, Mr. Chairman, a 50 percent success rate shouldn't just be counted on the initial job entry. We're talking about starting a career. And that entry-level job may not be the career the individual chooses, so they have moved on to bigger and better things.

As we reach out to these women and men and bring them into Federal jobs, we must welcome them and at the same time make clear our expectations. We may offer them part-time or temporary jobs in some cases, knowing these can be important milestones and lead to a better job later on.

As OPM Director, I am fully committed to maintaining the merit system principles. We will continue to support and enforce the Veterans' Preference Act. We must continue to fulfill our legal and moral obligations to displaced Federal employees. Understanding and supporting all of this, I believe we can meet the President's welfare-to-work goals.

We are not proposing special hiring. We are proposing to bring new people into the pool of those who apply for Federal jobs and then treat them like anyone else.

The key is opportunity; not make work, not a guaranteed career, but an opportunity to compete and learn and make it in the world of work. We look forward to working with the Congress to meet this important goal.

And, Mr. Chairman, I would be glad to respond to any questions from you or any other Members of the subcommittee, and I do thank you for your courtesy.

Mr. MICA. Thank you, Mr. King. We will withhold questions.

[The prepared statement of Mr. King follows:]

STATEMENT BY
THE HONORABLE JAMES B. KING, DIRECTOR
OFFICE OF PERSONNEL MANAGEMENT

before the

SUBCOMMITTEE ON CIVIL SERVICE
COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT
U.S. HOUSE OF REPRESENTATIVES

at a hearing on

THE ADMINISTRATION'S WELFARE TO WORK PROGRAM

APRIL 24, 1997

Mr. Chairman and members of the Subcommittee:

Thank you for this opportunity to speak on behalf of President Clinton's welfare to work program.

As you know, the President and Congress agreed to end welfare as we have known it for many years. In this year's State of the Union message, President Clinton declared the goal of moving two million people off welfare in the next four years. This is in addition to the approximately 2.8 million people who left the welfare rolls between January of 1993 and January of 1997. To accomplish this, we must develop work opportunities for 700,000 adult welfare recipients.

The President has asked the private sector to make every effort to hire Americans who are leaving welfare, and the President believes that the Federal Government, as the Nation's largest employer, also has an obligation to provide leadership in this area. Already, at the President's request, Federal agencies have identified about 10,000 jobs which they believe can be filled as part of this welfare to work initiative over the next four years.

We at the Office of Personnel Management (OPM) are working with the National Performance Review staff, the White House Domestic Policy Council, the Office of Management and Budget, and other agencies on this initiative.

OPM has convened two meetings of the Interagency Advisory Group of Personnel Directors at which officials from the National Performance Review, the Office of Management and Budget, the Department of Labor, the Department of Health and Human Services, the General Services Administration, and other agencies briefed agency personnel officials on various aspects of the welfare to work challenge.

OPM has also provided written guidance to the agencies on hiring options for welfare to work programs. Additionally, we and the National Performance Review have asked the 28 Federal Executive Boards and the more than 80 Federal Executive Associations to bring together Federal agencies and state, tribal, and local welfare organizations—at the local level—to discuss how best to ensure the distribution of information on Federal employment opportunities and the coordination of recruitment. We suggested that local Job Training Partnership Act officials be included, because they are training welfare recipients through their more than 600 service delivery areas.

In the Washington Metropolitan Area, where there is no Federal Executive Board, OPM is working with officials of the District of Columbia, Virginia and Maryland to coordinate welfare to work activities.

OPM's Office of Workforce Information is developing a method for tracking welfare to work hires Governmentwide, and we are maintaining a Federal jobs database, available through the Internet, electronic bulletin boards, telephones and touchscreen kiosks. Up-to-date job listings are also going to more than 1,800 state employment service offices. One of the greatest needs is simply to get job information to people who may not have had access to it, and modern technology permits us to do a better job of that than ever before.

We also arranged for Robert Stone, project director of the National Performance Review, to brief the National Partnership Council on the welfare-to-work initiative.

At our own agency, we have identified 25 positions that have been targeted for the recruitment of welfare recipients in Fiscal Year 1997, and will target other positions in the next three years. We will consider welfare recipients for every position for which we recruit outside the agency. These will include temporary, term and permanent positions, mostly at the entry level, such as clerks, laborers and custodial workers. Those hired as worker trainees will be hired for GS-1 and Wage Grade (WG) levels 1 and 2. Others, hired under other hiring authorities, might assume higher level jobs, depending on the skills they possess. The positions involved, at the various agencies, might include messengers, library technicians, supply clerks, and data technicians.

We have encouraged the 375 health insurance carriers who participate in the Federal Employees Health Benefits Program (FEHBP) to support this initiative and will urge other contractors to do the same.

These new hires will receive essentially the same training that we give all new hires for entry level jobs, most of whom need basic skills training as well as on-the-job training, mentoring, and other assistance. However, we do not start with stereotypes about the people we will hire under this program. Some may have more skills and experience than the stereotypes would suggest. For example, approximately 42 percent of recipients have high school equivalent degrees, 16 percent have attended college, and 70 percent have recent work experience. We do

recognize that some will need training in basic work habits and skills, and others may need child care and transportation assistance.

Their retirement and insurance benefits eligibility will be the same as for any other Federal hire, with full benefits going to those whose appointments are not limited to one year or less.

I believe we can learn a lot from programs such as the Strive program in New York, Boston, Chicago and Pittsburgh that prepared some 14,000 people for entry level jobs in the past five years.

Strive teaches work habits and positive work attitudes. It reports that 35 percent of a typical class quits after the first, three-hour orientation, but there is always a second chance for those who want it.

There have also been nationally-respected private sector welfare-to-work programs in Kansas City. Officials there report that about 50 percent of 1,500 welfare recipients placed in jobs in the past two years are still at those jobs.

That statistic calls to mind the glass of water that is half empty or half full, depending on how you perceive it. A 50 percent success rate may be a good one, when we consider the obstacles that many of these Americans have faced all their lives.

We can learn, too, from the welfare-to-work program being carried out by the State of South Carolina. As reported in the Washington Post on Monday of this week, this program has put 442 former welfare recipients into state jobs in one year. It has done so with strong support from Governor David Beasley, without displacing any existing state employees, and in most cases it has provided Medicaid, free child care and benefits to the new employees.

As we reach out to bring these women and men into Federal jobs, we must welcome them--and at the same time make clear what our expectations are.

We may offer them part-time or temporary jobs in some cases--knowing those can be important milestones and lead to a better job later on.

As OPM Director, I am fully committed to maintaining merit system principles. We must also support and enforce the Veterans' Preference Act. We must not set quotas. We are not talking about make-work jobs. We must fulfill our legal and moral obligations to displaced Federal employees.

Understanding--and supporting--all this, I believe we can meet the President's welfare to work goals.

We are not proposing special hiring for former welfare recipients. We are proposing to bring them into the pool of those who apply for Federal jobs and then to treat them like everyone else. We want to get job information to them. We want to give them an opportunity to work--after that it is up to them.

We all know that the Federal Government is downsizing and fewer people are being hired than in years past, but there is turnover and there are people hired. Last year, the Federal Government hired about 200,000 people in either permanent or temporary positions.

In terms of entry-level jobs, as of September of last year, there were about 26,000 GS-1 and 2, and WG 1 and 2 employees, in both temporary and permanent positions in the Federal workforce. There is a natural amount of turnover in these jobs and we are asking agencies to survey current vacancies and see if some of them might be filled from the welfare population.

The Administration intends to help Americans who want to work have an opportunity to work, and we look forward to working with Congress in this undertaking.

Mr. Chairman, let me address some of the questions you raised in your letter of April 16.

You asked how the Administration would ensure that the welfare to work initiative will not replace former employees who received buyouts with former welfare recipients.

Our figures show that the average grade of General Schedule employees who took buyouts under the Workforce Restructuring Act was slightly below the GS-11 level. Less than one percent of the buyouts paid to General Schedule and Wage Grade employees under that Act during FY 1994 and FY 1995 went to employees in GS-1 or WG 1 or 2. Thus, it would be rare that anyone hired under this initiative would be replacing someone who received a buyout.

With regard to veterans' preference, nothing in our implementation of this plan will in any way deny or compromise any veteran seeking a job or diminish our enforcement of the Veterans' Preference Act. We will also continue to meet our legal and moral obligations to displaced Federal workers.

Our figures show that of the more than 13,426 veterans who were hired for both General Schedule and blue collar, full-time permanent jobs in Fiscal Year 1996, only 252, or less than two percent, entered GS-1, GS-2 or Wage Grade 1 and 2 jobs. In other words, more than 98 percent of the veterans hired entered higher level jobs. Generally, veterans would not be competing with those hired in this initiative, and when they do, they would still have the full benefit of their rights as veterans. We understand that the Department of Veterans Affairs

believes some veterans are receiving welfare benefits and may be potential candidates for employment as part of the welfare to work initiative.

Mr. Chairman, your letter states that "OPM's call letter to providers under the Federal Employees Health Benefits Program (FEHBP) informs applicants that efforts to establish and implement welfare-to-work programs are factors that would be considered in evaluating applications to participate in the FEHBP." You then ask the standards by which OPM will evaluate providers' welfare to work proposals.

OPM's call letter to FEHBP carriers provides program and policy guidance. It does not evaluate a carrier's participation in the program. Carriers applying to participate are evaluated against criteria set out in regulations. Our call letter did not ask for specific proposals of welfare-to-work programs. Rather, it asked that the carriers "look for, and use, appropriate opportunities to support this initiative." It did not establish any reporting or evaluation requirements, but asked that carriers be able to "outline the steps they have taken and results achieved in this area."

In short, we hope the carriers will support this initiative, just as we hope many private-sector companies will, out of a sense of public service, but such support is in no way a requirement for their participation in the program. We hope that private companies will find their participation to be both moral and profitable.

Your letter asked the rationale for retaining the TAPER (Temporary Authority Pending the Establishment of a Register) hiring authority, in light of the abolition of centralized hiring registers.

OPM issued proposed regulations to simplify temporary and term employment, including the TAPER authority. Later, a decision was made to continue to use this authority, which includes worker trainees, GS-1, and WG 1 and 2 positions, because we found it to be effective in hiring unskilled workers. As we gain more experience in hiring worker-trainees, we will continue to evaluate, along with other agencies, if the TAPER authority should be continued. All hiring under the TAPER authority is in compliance with the veterans' preference law and with our obligations toward displaced Federal employees.

Moreover, because a TAPER is not limited to one year or less, these worker-trainees will have full retirement and insurance benefits.

You asked how the new employees will be trained, in a time of tight budgets, and how we will ensure that this training does not conflict with agencies' core training needs.

Most people we presently hire for entry-level jobs need basic skills training and personal attention. We anticipate that agencies will adapt existing orientation and training programs to serve those hired under the welfare to work initiative. To train new employees is

part of every agency's core training needs--whomever they may be--and that will include those who come to us through this initiative.

Thank you, Mr. Chairman, and I will be pleased to answer any questions the Subcommittee may have.

Mr. MICA. I would like to recognize now Deputy Assistant Secretary of Defense for Civilian Personnel, Diane Disney. You're recognized.

Ms. DISNEY. Thank you, Mr. Chairman and the subcommittee members.

I think we need some more interagency cooperation here.

Mr. MICA. These mic's are not going on.

Ms. DISNEY. Are we all right now?

Mr. MICA. Thank you.

Ms. DISNEY. Well, I'm very pleased to be here today to describe the efforts of the Department of Defense to support the President's welfare-to-work initiative. And as my two colleagues, I would like to submit my written testimony with your permission and just provide a summary.

Mr. MICA. Without objection, so ordered.

Ms. DISNEY. Thank you.

DOD is committed to taking an active role in this effort; in President Clinton's words, demanding high performance from workers, but going the extra mile to offer opportunity to those who have been on welfare and want to do something more with their lives.

Over the past decade, as you know, the Department has reduced its active duty ranks by over a third and its civil servants by more than 27 percent. The Department plans to eliminate another 90,000 civilian positions over the next 5 years for an overall reduction of 35 percent.

This planned drawdown constrains but does not curtail opportunities for additional employment, as DOD continues to hire some 20,000 civilians for permanent positions each year to meet essential needs and another 23,000 for temporary slots.

The Department of Defense is deeply committed to its workforce, as demonstrated through attention to quality of life, training, and transition programs. Successes in these areas include the innovative Troops to Teachers program, Partnerships in Education, and Partnerships in Vocational Rehabilitation. These and similar programs evidence considerable experience in reaching out to disadvantaged populations.

Within the defense community, welfare-to-work positions will be available in all of three concentric circles: the Department's civil service workforce, the nonappropriated fund activities, and the contractor environment.

Our initial surveys indicate that DOD should be able to provide about 1,000 civil service positions for this program over the next 4 years at the rate of 160 to 330 a year. Eighty-five percent of the projected civil service vacancies are in General Schedule positions, primarily in clerical areas. The 15 percent in wage grade positions will fall mostly in the areas of laborer and maintenance worker.

The Department recognizes the importance of the welfare-to-work initiative; however, requirements from several other constituencies must be honored. First the Department must honor the employment preferences required by law for both the veterans and military spouses.

In addition, there's a long-established hiring preference for DOD employees facing job loss through no fault of their own. For the past 3 decades, this Priority Placement Program has enabled DOD

to retain its investment in human capital while enabling talented individuals to retain employment. President Clinton has expanded this concept to provide preference as well to all Federal employees facing job loss.

To determine the probable impact of these requirements, we examined hiring records by type of position, grade level, and hiring preference. Collectively, these suggested that approximately 10 percent of the General Schedule positions and 30 percent of the wage grade positions would be filled by individuals other than welfare recipients once they became available. The difference stems from the higher representation of preference-eligible veterans among those who qualified for wage grade positions. Therefore, the Department expects welfare recipients to be able to fill about 900 of these civil service positions over the next 4 years.

Supporting the Department's core operations, there are approximately 150,000 nonappropriated fund activities (NAF). These are at facilities nationwide, located in military resale and morale, welfare, and recreation (MWR) activities, such as post exchanges, military clubs and bowling alleys.

Unlike their civil service counterparts, NAF positions are not funded with congressional appropriations of taxpayer dollars. Instead they're supported by funds generated through the MWR and resale activities. They differ as well in their hiring rules.

For many years, NAF employees have worked with State employment service offices to find individuals to work in positions such as those I've just identified. The high percentage of wage grade equivalent positions here makes it likely that about 73 percent of the openings identified will be filled by welfare recipients. It's also noteworthy that the positions here are more likely than their civil service counterparts to be part-time.

Finally, the Department of Defense relies heavily upon contractors for a wide range of goods and services. As partners in the defense economy, contractors provide items as diverse as airframes, ships, and medical supplies and services ranging from construction to food preparation. We do not intend to establish a requirement or an incentive for contractors. Rather, the Department will encourage its contractors to support this vital initiative because of its inherent value.

Combining these three major elements of the defense community while accommodating people with legal and regulatory hiring rights would yield nearly 2,900 positions over the next 4 years. A third of these would be civil service positions; a quarter would be in non-appropriated fund activities; and the balance would be located with contractors.

Given this committee's charge, the remainder of my remarks will focus on civil service positions. DOD does not have many positions at the GS-1, wage grade 1, and wage grade 2 levels.

As of December 31, 1996, we employed about 4,400 people in such positions, about half in permanent slots, half in temporary ones. Typically the level 1 positions in both categories are temporary, and in great part, because of the prevalence of temporary status, occupants of level 1 positions tend not to receive buyouts. Indeed, no more than a dozen have received a buyout in any given year.

The Welfare-to-Work Program will focus on areas where there is an employment need. This could result from an unexpected departure, additional work, or a changed mission. In any event, the participants will be hired individually. Even under the best of circumstances, moving from welfare to work presents major challenges. Therefore, the Department will develop mechanisms to provide the necessary workplace and skills training and take steps to help the recipients address the constraints that have kept them unemployed in the past.

In response to your written question, I must note that over the past 7 years, our number of supervisors has fallen 29 percent, a rate that is only slightly higher than that for the civil service workforce as a whole. Therefore, we anticipate no problems in this area.

The Welfare-to-Work participants will receive the same consideration as other employees at the same grade level for available opportunities for continuing education and training. They will also be subject to the same requirements as all other employees. Indeed, our objective is to ensure that they become integral parts of the defense workforce.

In Joint Vision 2010, the chairman of the Joint Chiefs of Staff points out America's enduring goals, including providing for the well-being and prosperity of the Nation and its people. Within the Department of Defense, we believe that helping to end welfare as we knew it is an important step toward achieving those goals. Therefore, we're committed to doing our part to encourage welfare recipients and all other disadvantaged populations to become productive members of our society.

That concludes my remarks. I thank you again for this opportunity to present the overview, and we will be pleased to answer questions.

Mr. MICA. I thank you.

[The prepared statement of Ms. Disney follows:]

Statement of Dr. Diane M. Disney
Deputy Assistant Secretary
Civilian Personnel Policy
Department of Defense
Before the
House Committee on Government Reform and Oversight
Subcommittee on the Civil Service

Welfare-to-Work Program
April 24, 1997

Mr. Chairman and members of the subcommittee. I am pleased to be here today to describe the efforts of the Department of Defense to support the President's welfare-to-work initiative. The Department of Defense is committed to taking an active role in this effort – in President Clinton's words, "demanding high performance from workers but going the extra mile to offer opportunity to those who have been on welfare and want to do something more with their lives."

Over the past decade, the Department has reduced its active duty ranks by over a third and its civil servants by 27 percent. While the military drawdown is essentially complete, the Department plans to eliminate another 90,000 civilian positions over the next five years, for an overall reduction of 35 percent. This planned drawdown constrains but does not curtail opportunities for additional employment, as DoD continues to hire some 20,000 civilian personnel a year to meet essential needs.

Departmental Commitment to Personnel and Communities

DoD is deeply committed to its personnel. Over the past three years the Department has made major strides in improving the quality of life for its military personnel and their families. DoD's commitment has also been demonstrated through its comprehensive transition programs for both military and civilians. These provide separation incentives, early retirement options, career counseling, job placement assistance, and a variety of related services. On the civilian side, these programs have helped the Department hold layoffs to less than a tenth of the reductions to date.

Providing the necessary support to its military members and civilian employees extends to activities preceding and following service in DoD as well as to efforts to strengthen communities as a whole. DoD's successes in these areas include the innovative Troops to Teachers program, Partnerships in Education, Partnerships in Vocational Rehabilitation, and Junior ROTC. Through the latter, for example, the Services support Career Academies specifically focused on at-risk youth, primarily in inner-city schools.

These and similar programs evidence considerable experience in reaching out to disadvantaged populations. Many of the contacts made through such efforts will provide an essential base for reaching out to welfare recipients, encouraging their participation, and providing the necessary skills and support services.

Civil Service Positions

Welfare-to-work positions within the Defense community may be available in all of three concentric circles: the Department's civil service workforce, its nonappropriated fund activities, and the contractor environment.

Our initial surveys indicate that the Department of Defense should be able to provide 1,050 civil service positions for the Welfare-to-Work program over the next four years, at the rate of 160 to 330 a year. Eighty-five percent of the projected civil service vacancies are in General Schedule positions, primarily in clerical areas. The 15 percent in Wage Grade positions will fall mostly in the areas of laborer and maintenance worker.

The Department recognizes the importance of the Welfare-to-Work Initiative; however, requirements from several other constituencies must be honored. First, the Department must honor the employment preferences required by law for both veterans and military spouses. In addition, there is a long-established hiring preference for DoD employees facing job loss through no fault of their own. For the past three decades, this Priority Placement Program has enabled DoD to retain its investment in human capital while enabling talented individuals to retain employment. It currently finds new positions for over 750 people a month. Last year, President Clinton expanded the concept to provide secondary preference to all Federal employees facing job loss.

To determine the probable impact of these requirements, we examined hiring records by type of position, grade level, and hiring preference. Collectively, these suggested that approximately 10 percent of the General Schedule positions and 30 percent of the Wage Grade positions would be filled by individuals other than welfare recipients once they became available. The difference stems from the higher representation of preference-eligible veterans among those who have qualified for Wage Grade positions.

Therefore, the Department expects welfare recipients to be able to fill 912 of these civil service positions over the next four years, or about 87 percent of those identified.

Nonappropriated Fund Positions

Supporting the Department's core operations are approximately 150,000 nonappropriated fund (NAF) positions at facilities nationwide. They are located in military resale and morale, welfare, and recreation (MWR) activities such as post exchanges, military clubs, and bowling alleys.

Unlike their civil service counterparts, NAF positions are not funded with Congressional appropriations of taxpayer dollars; instead, they are supported by funds generated through the MWR and resale activities. They differ as well in being unconstrained by civil service hiring rules.

Reversing the ratio among civil service positions, the 955 NAF openings are predominately Wage Grade equivalents. The positions include laborer, janitor, warehouse worker, food service worker, waiter, bar helper, recreation assistant, general clerk, and sales clerk. Turnover in such positions has traditionally been much higher than for civil service positions, often reaching 200 percent a year. However, welfare recipients hired into the NAF positions will be given the same types of training as other newly hired employees.

For many years, NAF employers have worked with state employment service offices to find individuals to work in positions such as those identified above. However, entry-level pay, lack of benefits, and non-permanent employment have made it difficult for potential applicants to choose to leave the welfare rolls. Higher-level NAF jobs are frequently filled by military family members and by separated military members who have a hiring preference.

The high percentage of Wage Grade equivalent positions here makes it likely that only 73 percent, or 693 of the openings will be filled by welfare recipients. It is also noteworthy that the positions are more likely than their civil service counterpart to be part-time.

Positions with Contractors

The Department of Defense relies heavily upon contractors for a wide range of goods and services. As partners in the defense economy, contractors provide items as diverse as airframes, missiles and space systems, ships, electronics and communications equipment, medical supplies, and services ranging from construction to food preparation to building maintenance. In Fiscal Year 1996, DoD spent approximately \$132 billion on contracts.

Assuming that an award of \$50 million would represent an employment base sufficiently large as to absorb one welfare recipient, the 5,500 large contractors should be able to hire a net of 1,264 welfare recipients. I must emphasize, though, that this estimate is not intended to establish a requirement or an incentive for contractors. Rather, the Department will encourage its contractors to support this vital initiative because of its inherent value.

Total Employment

Combining the three major elements of the DoD community while accommodating people with legal and regulatory hiring rights would yield roughly 2,900 positions over the next four years. A third of these would be civil service positions; a quarter would be in nonappropriated fund activities; and the balance would be located with contractors.

PROJECTED NET JOBS PER YEAR
FOR THE WELFARE-TO-WORK PROGRAM

	FY97	FY98	FY99	FY00	TOTAL
Civil service	141	287	287	197	912
Nonappropriated Fund	107	218	218	150	693
Contractor	196	396	396	276	1,264
TOTAL	444	901	901	623	2,869

Hiring Profile in the Civil Service

Given this Committee's charge, the remainder of my remarks will focus on civil service positions. Because no single appointing authority can capture all circumstances, DoD will use all available and appropriate mechanisms for hiring into the civil service. Options include permanent, temporary, and term appointments in the competitive service, as well as numerous excepted-service options, including hires as worker-trainees, with people placed in entry-level jobs.

The Department of Defense does not have many civil service positions at the GS-1, WG-1, and WG-2 levels. As of December 31, 1996, we employed 4,351 people in such positions. Of these, 2,092 (mostly the WG-2s) were in permanent positions, and 2,259 (52%) were in temporary slots.

Typically, the Level 1 positions in both categories are temporary (1385 of 1705, or 81%). In great part because of this prevalence of temporary status, occupants of Level 1 positions tend not to receive buyouts. Indeed, no more than about a dozen have received a buyout in any given year. DoD uses buyouts for positions in surplus occupations in given locations. The Welfare-to-Work Program will focus on areas where there is an employment need; this could result from an unexpected departure, additional work, or a changed mission. In any event, participants will be hired individually, not as part of a cohort that might compete with a private-sector firm.

Training and Support

Even under the best of circumstances, moving from welfare to work presents major challenges. Merely finding jobs and recruiting applicants will not by themselves produce a successful program. Instead, the Department will develop mechanisms to provide workplace and skills training, and take steps to help them address the constraints that have kept them unemployed in the past.

On the military side, recruits receive orientation and basic training in groups. On the civilian side, matters are more complicated, because jobs become available individually. Seldom will a group be hired simultaneously. Therefore, the Department will develop orientation materials to be used at each hiring site, encourage a "train the trainer" approach within Components, adapt successful mentoring programs, and emphasize occupational training through an on-the-job approach. In large metropolitan areas, and particularly in nonappropriated fund positions, however, it may be possible to provide some orientation and workplace readiness training in groups. To the extent that this approach can be used, it will be used in order to create an atmosphere of peer support.

We will use all available media, including our Field Advisory Services network, to distribute materials to support the program. These packages will include items readily adaptable to specific needs and appropriate for distribution to new employees as well as supervisors. In addition, each Component will be prepared to respond to inquiries from and provide assistance to individual supervisors and managers, particularly those acting as mentors.

Where readiness training addresses the *organizational* skills required to function in the Department, initial skills training focuses on the basic *occupational* skills required to perform tasks. This is the responsibility of the employing Component and of the supervisors at the worksite. Because nearly all of the positions will be entry-level ones, the skills training will tend to be accomplished on the job.

In response to your written question, I must note that over the past seven years, our number of supervisors has fallen 29 percent (from 118,048 to 83,341), a rate only slightly higher than that for the workforce as a whole. Therefore, we anticipate no difficulties in this area.

Welfare-to-Work participants will receive the same consideration as other employees at the same grade level for available opportunities for continuing education and training. They will also be subject to the same attendance, drug testing, and performance requirements as all other employees. Indeed, our objective is to ensure that they become integral parts of the Defense workforce.

Conclusion

In *Joint Vision 2010*, the Chairman of the Joint Chiefs of Staff points out that America's enduring goals include:

- protecting the lives and safety of Americans both at home and abroad;
- maintaining the political freedom and national independence of the United States with its values, institutions, and territory intact; and
- providing for the well-being and prosperity of the nation and its people.

Within the Department of Defense, we believe that helping to end welfare as we knew it is an important step toward achieving those goals. Therefore, we are committed to doing our part

to encourage welfare recipients and all other disadvantaged populations to become productive members of our society.

This concludes my remarks. Thank you again for this opportunity to present an overview of our Welfare-to-Work Program. I will be pleased to answer any questions you may have.

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FORCE MANAGEMENT
POLICY

OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE
4000 DEFENSE PENTAGON
WASHINGTON, DC 20301-4000



July 16, 1997

Honorable John L. Mica, Chairman
Subcommittee on the Civil Service
Room B371C Rayburn HOB
Washington, D.C. 20515

Dear Congressman Mica:

This is in reference to my prepared testimony submitted for the April 24, 1997, hearing on the Welfare to Work Program. Please amend the final sentence of the first paragraph on page one to read "...continues to hire some 20,000 civilians for permanent positions and 23,000 civilians for temporary positions each year to meet essential needs."

Thank you.

Sincerely,

Diane M. Disney
Deputy Assistant Secretary
(Civilian Personnel Policy)

Mr. MICA. We will defer questions, and I'll now recognize Eugene A. Brickhouse, Assistant Secretary for Administration, the Department of Veterans' Affairs. You're recognized, sir.

Mr. BRICKHOUSE. Thank you very much, Mr. Chairman. And, Mr. Chairman, with your permission I would like to submit my written statement for the record.

Mr. MICA. Without objection so ordered.

Mr. BRICKHOUSE. Thank you.

Mr. Chairman and members of the subcommittee, I am pleased to appear before you today on behalf of Secretary Jesse Brown to testify about VA's welfare-to-work initiative. Our purpose as a Department, and our primary goal for the welfare-to-work initiative, is to serve veterans. In developing VA's plan, we identified work that needs to be accomplished and positions that could be filled by entry-level applicants.

Although VA is restructuring and streamlining, we have been able to identify 400 potential opportunities in fiscal year 1997 and the potential of 400 more in fiscal year 1998. These opportunities are at grade levels 1 and 2 and include such jobs as receptionist, file clerk, laborer, and food service worker. Although employment in these and similar occupations has dropped by 5,000 since March 1993, we continue to have significant numbers of employees, approximately 17,500, in these occupations. And while we are reducing overall employment levels, VA still has employees who leave each year and must be replaced. In the jobs which provide most opportunities for welfare recipients, the regular turnover rate is from 15 to 25 percent.

The entry levels for these positions require little or no experience, and we believe that welfare recipients will have no difficulty qualifying for them. In addition, many veteran candidates will meet the minimum qualifications by virtue of their military service.

We are, as you know, a Department which exists to serve veterans. Therefore, we think it only proper that VA's targeted recruitment strategy has two important elements that focus specifically on hiring veterans. First, we will recruit candidates from among the graduates of our Compensated Work Therapy Program and our Vocational Rehabilitation and Counseling Program. These programs provide clinically based job training and vocational rehabilitation to veterans and are already successful in moving veterans from dependency to self-sufficiency.

The second key element is a local community-based recruitment effort targeting veterans through a broad array of community-service organizations, including Veterans Organizations.

In hiring candidates, we will use all available appropriate hiring authorities. We will continue to meet all Title 5 and Title 38 requirements, including veterans preference, as well as adhere to rules governing re-employment for separated Federal workers. This means that no veteran and no employee who has been RIF'd will be disadvantaged by the welfare-to-work initiative.

For welfare recipients who secure VA employment, a key component of success is training. VA has already developed training guidelines for these new employees and their supervisors. In addition, local facilities will have full authority to work with other Fed-

eral agencies and community service organizations to provide group training and coaching experiences.

Local VA facilities will provide access to a variety of human and social services to support welfare recipients' successful transition into the workplace. For example, each VA facility already operates an employee assistance program which provides counseling and referrals for a range of problems that might affect job performance.

With regard to child care, we will be encouraging expansion of sliding-scale fees of child care centers associated with VA facilities.

The Department is also looking at costs and options for an appropriate transit subsidy policy.

We also agree with your assessment that workers at the GS and wage grade level 1 require extra efforts in supervision and training. VA is well prepared to meet these requirements. With regular turnover in the types of jobs to be filled under the initiative, we already have in-house instruction programs for new employees in these occupations.

We expect that former welfare recipients will fill entry-level jobs, and we believe those jobs would continue to be needed and have high turnover and will be difficult to fill, rather than those eliminated from other initiatives.

In addition, given current funding and budget levels, our facility managers simply cannot afford to develop make-work positions. They have real work to be performed and need committed staff to fulfill these tasks.

In conclusion, Mr. Chairman and members of the subcommittee, VA has one mission and one mission only; that is, service to veterans. Welfare-to-Work can help support that mission by bringing into focus opportunities for veterans to participate in the dignity of work, and they put to use the training they have received through established VA training programs.

Mr. Chairman, this concludes my testimony. We would be pleased to answer any questions you may have.

Mr. MICA. Thank you, and I understand Ms. Felder will not have any opening statement.

[The prepared statement of Mr. Brickhouse follows:]

STATEMENT OF
EUGENE A. BRICKHOUSE
ASSISTANT SECRETARY FOR
HUMAN RESOURCES AND ADMINISTRATION
DEPARTMENT OF VETERANS AFFAIRS
BEFORE THE
SUBCOMMITTEE ON CIVIL SERVICE
COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT
U.S. HOUSE OF REPRESENTATIVES

APRIL 24, 1997

Mr. Chairman and members of the Committee, I am pleased to appear before you today on behalf of Secretary Jesse Brown to testify about the Department of Veterans Affairs support of the President's welfare-to-work initiative.

Secretary Brown, key Department officials, and I strongly believe that this initiative is important to the national economy and is compatible with VA's mission of serving veterans, and our commitment to be an employer of choice. VA's mission of serving veterans encompasses a wide variety of activities in over 300 locations across the country. The activities include health care, vocational rehabilitation, job training, compensation and pension, insurance and loan guaranty, and memorial and burial services. VA's work force of approximately 240,000 are employed in a wide variety of occupations including support activities. To further our primary mission of serving veterans, our first

priority in filling positions under the welfare-to-work initiative will be to consider veterans who are recipients of welfare benefits.

In developing VA's plan, we identified work that needs to be accomplished and positions that could be filled by entry-level applicants. Although VA is restructuring and streamlining, we have been able to identify 400 potential opportunities in Fiscal Year 1997 and the potential of 400 more in Fiscal Year 1998, that could be filled by welfare recipients. These positions fall primarily into the following categories: receptionist, general and file clerk, telephone operator, and escort, all in the General Schedule at Grades 1, 2, and 3; and warehouse worker, laborer, cemetery caretaker, housekeeping aid, and food service worker in Wage Grades 1, 2, and 3. We continue to have significant numbers of employees in these occupations although these numbers have declined over the past five years. Beginning in March, 1993 with 22,500 employees, employment in these occupations dropped to approximately 20,000 by March, 1995, and then dropped again by March, 1996 to 19,000 and to 17,500 by March, 1997. Even with these losses, this work force still presents opportunities for welfare recipients to move to self-sufficiency.

For these jobs, at entry levels little or no experience is generally required. For example, general clerical positions at Grade 1 require no formal office experience or formal education. Laborer jobs at Grade 1 perform simple tasks and require that applicants have no training or experience. Positions at these grade levels do require close supervision, usually at regular intervals throughout the day.

We believe that welfare recipients will have no difficulty qualifying for these positions, especially those already in a state or other training program. In addition, since

VA Statement Before the U.S. House Subcommittee on Civil Service April 24, 1997

our focus is on veterans who may be receiving welfare assistance, most of these candidates will meet the minimum qualifications by virtue of their military service.

VA's targeted recruitment strategy has two important elements which focus on veterans. First, we will recruit candidates from among the graduates of our Compensated Work Therapy Program and Vocational Rehabilitation & Counseling Program. These programs provide clinically-based, supported-employment job training and vocational rehabilitation to veterans and are already successful in moving veterans from dependency to self-sufficiency. Graduates of these programs are potentially excellent sources of trained candidates for VA as well as for other Federal agencies and private industry.

The second key element is a local, community-based recruitment effort targeting veterans. Recruitment sources include a broad array of community service organizations as well as programs designed to assist veterans, such as the VA Readjustment Counseling Centers, Veterans Service Organizations, Disabled Veteran Outreach Program, and the Local Veterans Employment Representative Program (administered through State Employment Service Offices).

In hiring these candidates, we will use all available hiring authorities, as appropriate, including Worker-Trainee, Veterans Readjustment Act, 30% disabled veteran, and several other Excepted appointing authorities. In using each of these hiring authorities, we will continue to meet all Title 5 and Title 38 requirements, including veterans preference, citizenship, age, and suitability requirements, as well as adhering to rules governing the reemployment of separated Federal workers. We believe that

targeting recruitment, using these hiring authorities, and filling positions at entry levels will provide excellent opportunities for welfare recipients to gain employment.

For welfare recipients who secure VA employment, a key component of success is training. VA has already developed training guidelines for these new employees and their supervisors. Guidelines cover general orientation and skills assessment, development of transitional work, quality of life and job skills, and interaction skills for co-workers and supervisors. Additional training and options are being identified and will be shared with field managers. Finally, local facilities will have full authority to work and partner with other Federal agencies and community services organizations to provide group training and coaching experiences.

Local VA facilities will also provide access to a variety of human and social services which will support the welfare recipient's successful transition into the work place and retention in his or her VA job. Among these support services is the Employee Assistance Program. The Employee Assistance Program provides counseling and referrals on dealing with personal problems affecting job performance such as family crises or financial difficulties. Counseling and referrals are available to all employees, but are especially important for former welfare recipients moving to self-sufficiency. In addition, VA recognizes that transit subsidies may be an important factor in the retention of welfare recipients. We have received the Department of Justice opinion which advises that transit subsidy programs may target welfare recipients, low income employees, or Worker-Trainees. VA officials are assessing the cost implications of this opinion and will develop

an appropriate transit policy. We are also aware that van pools have been developed in some areas and are recommending that local facilities explore this and other options.

Another important service is the provision of child care, a critical element in returning heads of households to the work place. VA child care centers are local initiatives, and we currently have 98 centers serving VA employees. Sliding fee scales and non-profit support foundations are already in use at some VA child care centers, and their expanded use will be promoted as additional policy guidance is developed.

Many of these retention strategies are already available to VA employees, but we agree with your assessment that workers at the GS or WG-1 level require extra efforts in supervision and training. VA is well prepared to meet these requirements. We traditionally have recurring turnover in the types of jobs to be filled under this initiative. Therefore, we have developed in-house instruction programs for new employees in these occupations. The employees hired under this initiative will join other employees in regular on-the-job training sessions. In addition, VA plans to assign trainees to supervisors who are willing to accept the extra responsibility of coaching the new employees. VA will provide additional supervisory training depending upon the supervisors' experience. We will use existing training materials as much as possible.

We expect a substantial number of candidates to be hired who are graduates of the VA Compensated Work Therapy and the Vocational Rehabilitation & Counseling programs. These individuals will require little formal instruction but will receive on-the-job training with high levels of coaching and mentoring from supervisors and co-workers. We anticipate little or no additional cost for their training, which may require from 2-3

months. The other candidates will normally require some formal training, depending upon the support they have received from State and local programs. Recognizing that skill levels will vary widely with these individuals and the positions they occupy, we cannot accurately estimate the cost of training. However, they will also receive on-the-job training with high levels of coaching and mentoring from supervisors and co-workers. For these individuals, basic training may require 2-6 months. Some additional training time may be needed, but VA supervisors face turnover and new employees on a regular basis. Our supervisors are experienced and prepared for the challenge.

To meet National Performance Review goals as well as current funding levels, VA has been restructuring and streamlining. Staff reductions have been part of these efforts. VA has experienced a substantial reduction in part-time and temporary employment for the period from March 31, 1993 through April 1, 1997. During this period, part-time permanent employment decreased from 20,000 to 15,800, a reduction of about 4,200, or 21%. Reduction-in-force procedures were used to separate 1,036 part-time employees in many occupations and grade levels, and buyouts accounted for 179 of the reduction. Temporary employment also experienced a significant reduction for the same time period, dropping from 21,200 to 15,800, a decrease of 5,400, or almost 26%. Reduction-in-force procedures do not apply to temporary employees, and buyouts are not available to them, either. Despite staff reductions and buyouts, VA still has employees who leave each year and must be replaced. In the jobs which provide most opportunities for welfare recipients, the turnover rate is about 15 to 25%. Therefore, even as we are reducing

employment levels, we have positions which must be filled and which can provide job opportunities to welfare recipients.

We expect that former welfare recipients will fill entry GS and WG support positions that continue to be needed, have high turnover and are difficult to fill, rather than those eliminated in other initiatives. The positions lost in buyouts, reductions in force and staffing adjustments have generally been targeted toward supervisory, personnel, budget and acquisition occupations, rather than in support and entry-level positions in the field. Based on these considerations, we do not believe that the welfare to work initiative will result in the creation of unnecessary jobs.

Given current funding and budget levels, our facility managers simply cannot afford to develop "make-work" positions. They have real work to be performed and need committed staff to fulfill these tasks.

Finally, we have a responsibility to the taxpayers of this country to achieve greater organizational efficiencies while supporting the welfare to work initiative. We do believe that, while difficult, we can meet the challenge.

Thank you for inviting VA to appear before the Subcommittee. I would be pleased to answer any further questions you may have regarding VA's plan.

Mr. MICA. I would like to recognize now the gentlelady from Maryland, Mrs. Morella, who's joined us.

Mrs. MORELLA. Mr. Chairman, thank you. I would like to ask unanimous consent that an opening statement be included in the record.

Mr. MICA. Without objection.

Mrs. MORELLA. Thank you.

[The prepared statement of Hon. Constance A. Morella follows:]



The Honorable Constance A. Morella
Subcommittee on Civil Service
Federal Hiring From the Welfare Rolls
April 24, 1997

Mr. Chairman, I want to thank you for holding today's hearing on "Federal Hiring From the Welfare Rolls." Since President Clinton announced his commitment that federal agencies will hire 10,000 persons off the welfare rolls, I have wanted to explore its impact on our federal agencies, employees, and state welfare to work initiatives. It is critically important that we do not allow this initiative to displace or negatively impact federal employees, and we must ensure that agencies hire welfare recipients where they are needed.

Clearly, we all must do our part to make welfare reform work. The Congress passed major welfare reform legislation that hinges upon the willingness of the private sector, big and small business, local and state governments, and the public sector to hire welfare recipients. States must abide by strict work requirements, and welfare reform will

not work unless we all do our part to help reduce the welfare rolls and help states meet these requirements. In Montgomery County, I am part of the Workforce Development Corporation Welfare Reform Task Force that is encouraging the private sector to hire welfare recipients, and I know how tough this is.

In committing federal agencies to hire welfare recipients, the President has set an important example, and I believe that the Congress and the private sector should follow his lead. I am a cosponsor of Congresswoman Eleanor Holmes Norton's resolution to encourage Congressional offices hire welfare recipients.

As federal agencies hire 10,000 welfare recipients, it is absolutely critical that we get this right. That means we must protect both federal employees and federal agencies in any welfare-to-work initiative by the federal government. While I support efforts to recruit and hire welfare recipients for open jobs, we must not displace any federal employees to

accomplish this objective, and we must honor preferences for those federal employees who have been RIF'ed due to downsizing, and veterans. I would hate to think that a welfare recipient was given preferential treatment over a federal employee who had been displaced due to downsizing. Furthermore, we must also ensure that this effort does not disrupt agencies' performance management or streamlining efforts.

Again, I support the federal government's participation and leadership in welfare reform. But it is incredibly important that we proceed carefully, and today's oversight hearing is an important first step in insuring that we protect our federal employees and agencies as we hire 10,000 people from the welfare rolls.

Mr. MICA. And Mrs. Morella also announced at this time that House Concurrent Resolution 13, a joint resolution, I guess it is, that you've introduced in opposition to the proposal to delay Federal retirees' COLAs, will be heard next Tuesday immediately following the subcommittee's hearing on the DC Retirement Proposal, probably about 4 o'clock. I'm sorry that we've had to put that off a week, but we will hear that immediately following our DC Retirement Proposal hearing.

Mrs. MORELLA. Thank you.

Mr. MICA. Tuesday afternoon in room 2154, Rayburn.

Mrs. MORELLA. I will mark that in big letters on my calendar. And thank you for your leadership, Mr. Chairman in pursuing that.

Mr. MICA. And thank you, it is a very important issue before this subcommittee and before the Congress, and we thank you for your leadership and bipartisan cooperation on that important issue.

Mrs. MORELLA. I thank you for having this hearing. And I'm going to have to be excused to handle two bills on the floor for the Science Committee.

Mr. MICA. We recognize the double duty that our Members sometimes serve.

We have finished our panel and our comments from Members. I would like to begin now with several questions. This proposal to hire some 10,000 welfare recipients on our Federal payrolls does raise a bunch of questions.

One of the questions that recurs, and I don't know what the status of the administration's proposal is and how far they developed this working with OPM, but we have had some reports that some of the requirements as far as complying with the merit system might be changed; that, in fact, there may be some fast-track access to employ these welfare recipients.

Mr. Koskinen, could you tell us the status of any of those proposals, or Mr. King?

Mr. KOSKINEN. I think Mr. King is the better responder.

Mr. KING. Well, the measures that OPM will take to ensure that this will advance merit and all that entails will include competitive aspects from whether they are permanent and time limits are accepted, veterans readjustment employment, student employment, special appointment for readers, interpreters, special assistants, special appointment for the severely handicapped persons, and other appropriate agency-specific authorities. And these authorities encompass all competitive aspects of the merit system principles which include applying veterans preference and displaced employee entitlements. And the worker trainee are filled by TAPER appointments, which require public notice and the application, again, of veterans preference and a priority referral of displaced Federal employees.

Mr. MICA. What percentage of positions would you anticipate would fall into those exceptional categories?

Mr. KING. Right now, in the Federal Government as a whole, about 70 percent of the positions are what would be considered competitive, if you would. The rest come under the other special authorities.

Mr. MICA. So this would be under existing authorities that would create no new openings or exceptions, you are saying? About 70/30 percent?

Mr. KING. Yes, Mr. Chairman. And in this, what we haven't done, we have used are all existing, and what we are emphasizing is using existing and not creating anything new. As you mentioned, Mr. Chairman, that the authority that is being talked about in the training was first instituted by President Nixon, and it is counting that authority that has been around now for almost 30 years and continuing to use it.

But, Mr. Chairman, I would be remiss if I didn't point out that at grade levels 1 and wage grade 1 and 2, there is an assumption built in that the individuals applying for those positions will, in fact, have little or no skills. So that is an understanding we had and it has been on the books from the beginning. And so I thought that might be helpful.

Mr. MICA. I appreciate that. It is my understanding that the Vice President, on April 10, presented plans and that in the meantime, each agency has been responding on how they would implement this. Have all the agencies presented their response, Mr. Koskinen?

Mr. KOSKINEN. That is my understanding, Mr. Chairman. They all have presented plans.

Mr. MICA. So these will be meshed together by who? By OPM? And is it accepted or are we setting up new rules?

Mr. KOSKINEN. No, these are not plans that they are asking for waivers or changes, as Mr. King emphasized. These are their plans in terms of how they plan to use the existing hiring authority to hire the number of welfare people they think they can hire. No one was assigned a quota. These were all numbers that the agencies independently said were numbers they were confident over the next 4 years they could hire under existing authorities and existing programs.

Mr. MICA. Have you shared those totals with the subcommittee?

Mr. KOSKINEN. I don't know if we have, but we would be happy—

Mr. MICA. Could you do that? I think that is important, because when we are discussing buyouts, when we are discussing downsizing, when we are discussing RIFs, and the administration has plans from these agencies to employ welfare recipients or former welfare recipients, we need to see what their proposals are, how this fits into the larger scheme.

Now, in the area of buyouts, how many buyouts did we do last year and what are anticipated this year, Mr. King?

Mr. KING. Well, our total—

Mr. MICA. From last year, 1996?

Mr. KING. What I have, I can get a disaggregate for the record, but nondefense agencies did pay out about 36,000 buyouts.

Mr. MICA. 36,000 last year. What do you anticipate?

Mr. KING. No, no, it ended, as you know—this was acting on the information we have in—the last full report we have from across Government was the end of the fiscal year, and that was 1996.

Mr. MICA. Two-year total.

Mr. KING. Yes, that is over the period, the life of the buyouts and the anticipated buyouts; 36,035 is what we have.

Mr. MICA. Is that civilian Defense, too?

Mr. KING. No, Defense had about 92,500, rounding up.

Mr. MICA. 92,000 over a 2-year period, it came to 128,500.

Ms. DISNEY. It is 92,000 since we have had the buyout authority of 1993.

Mr. MICA. So yours is over 3 years and you are talking about over 2 years.

Mr. KOSKINEN. I would stress that those numbers are predominantly, if not totally, the buyouts used under the first buyout authority under the Workforce Restructuring Act, and as the chairman knows, we have had a lot of conversation back and forth, but that buyout ended as of decisions made in the spring of 1995 with some carryover for a 2-year period thereafter.

Mr. MICA. What I am trying to get at is some round figures as to what we are buying out.

Now, the other thing that we do not want is the agencies coming back to us, or reports to this subcommittee where a position has been bought out that it is filled by a welfare recipient. Is there any protection to make certain that this is not going to occur?

Mr. KING. Mr. Chairman, I was just looking at—I got a disaggregate of the numbers for the record. The fiscal year 1994 was 14,531 on the non-DOD. It was 18,203, fiscal year 1995, non-DOD. And 3,300. But I think, Mr. Chairman—

Mr. MICA. But my point is, though, you are going to have some feathers of Congress ruffled if we are buying folks out for \$25,000, and they are being replaced with a welfare recipient, or that we have, as my first line of questioning, are we bringing folks in in some extraordinary fashion to fill slots?

So, we have to be concerned that we are not creating any great exceptions, that people whose position has been bought out is not going to be filled by a welfare recipient and that we have some rhyme and reason across the agencies in the manner in which this is conducted.

This is a hard sell from any standpoint when we have got thousands and thousands of people who have lost their jobs and try to explain to them that we are filling the position with welfare recipients.

Mr. Koskinen.

Mr. KOSKINEN. Those are two important questions and I think the answer should be clear. First of all, as Mr. King has noted, there are no new programs or exceptions being created to hire welfare recipients. They will, in fact, apply as any other American citizen will apply for the jobs. That should be clear. I hope it is understandable to everybody.

Your point about buyouts is a good question. OPM has the detailed numbers, but the experience that the vast majority, if not all of the buyouts, were at levels of GS-8 and above, generally, managers and senior people able to retire. The expectation and most of the agency plans are that welfare workers, to a large extent, will be hired at the very low end of the wage grade. Whereas virtually no buyouts have been given.

Mr. KING. Of the thousands that have been bought out, we have records of 503 of employees at the wage grade that we are talking about or GS-1.

Mr. MICA. Do we have any plan to make certain that those positions—again, if you all come back here and these positions are filled with any of these folks, the dome will be raised a few inches.

Mr. KOSKINEN. The limitations on the first buyout program was that agencies, in fact, could not buyout someone and replace—there were protections against replacement. The second buyout program is limited, as you know, to an overall decline in agency FTEs, so, in fact, the agencies are not going to be growing as a result of hiring welfare people if we are engaged in a second buyout program. A number of agencies are not engaged in that program.

Mr. MICA. Mr. King just testified that 500 would be possibly in this range. That is 5 percent of the 10,000 figure, so we just want to make certain that, again, we do not put ourselves in that situation or expose ourselves.

Mr. KING. Mr. Chairman, but I think it is interesting to note, as Mr. Koskinen said, the average was a GS-11, roughly, that we bought out that is about \$38,000. Now, Mr. Chairman, I would like to think—well, as long as it is done fairly, we certainly would not be replacing a \$38,000 individual with a person coming in an entry level at around \$13,000.

Mr. MICA. That is right, but you told me there are about 500 positions that will fall into the category.

Mr. KING. No, Mr. Chairman what we are talking about here is skill mix. The skill mix is that we may be deciding that something is going to be removed, but we need someone with a different set of skills to come in. An entry level at this level has little or no skill, by the way, whether they are coming in—this program is an existing program, Mr. Chairman. I don't mean to be contentious. I get excited.

Mr. MICA. I thank you. I just have one more question. I am running over my time, but on our priority placement program in DOD, and we have a re-employment priority list, how many folks do we have that are waiting for Federal employment, former Federal employees that have been RIFed or that have lost their position? Ms. Disney, what kind of numbers are we looking at there?

Ms. DISNEY. When we look at the three grade levels that we are talking about here, GS-1, wage grade 1, wage grade 2, we have about 830.

Mr. MICA. And what is the total that are waiting for placement?

Ms. DISNEY. That are waiting for positions at any level, approximately 18,000. What we did was look for carefully at how many had been placed in these positions through priority placement, through veterans preference, through spouse preference in the past couple of years in order to discount the figures as mentioned earlier.

Mr. MICA. Well, I want to get back to these numbers and issues, but I have taken more time than I should. I will now recognize our ranking member for an extended period. You are recognized, Mr. Cummings.

Mr. CUMMINGS. First of all, I thank you all for your testimony, and I want you to, first of all, understand that my questions come from a perspective that I literally live in an area which probably has about 50 percent black male unemployment. And I would guess

about 20 percent, somewhere between 15 and 20 percent female African-American unemployment.

I am wondering where are these jobs? Where are they? In other words, all of these jobs—I mean are they going to be in Mr. Ford's district? Are they going to be in the District of Columbia? Where would most of these jobs be?

Mr. KING. They are nationwide. They are nationwide, they are located where the Federal Government is. Eighty-six percent of Government jobs are outside of the Washington metropolitan area, so that you could almost pick a location, go from place to place, and we can give you the numbers, if you would like that, on a disaggregate basis of where these positions are located.

Mr. CUMMINGS. I would like to know, I guess one of the things that I am concerned about is that I don't want us to be in a position where we are painting a picture that is a 10,000 rosy job picture, when in fact it is not. And that is why I want to ask you some of these other questions. Don't get me wrong, I want to see people employed. It is very important to me. But I also—I want to make sure that we are saying that we are providing jobs, that there are, in fact, jobs. Because I think one of the worst things we can do is make a promise of something that really does not exist or that is not what it is supposed to be.

You all talked about, one of you talked about training. Tell me about what kind of training you are planning on providing these welfare recipients. There have been a lot of recent articles in various papers throughout the country that talk about the intensity of training that is necessary for people, many of whom have never had a boss, many of whom, unfortunately, have been in situations where maybe they never saw somebody get up and go to work every day, and that is real. And I am just wondering, talk about that training, because you don't want to put people in positions where they are destined for failure.

Mr. KING. First of all, they are real jobs and I will give you, if you would like, for your own office or for the committee, we will give you a WorldWide address where most of the jobs are published. And I think if the chairman and this committee's bill goes through on veterans preference and the RIF regulation, H.R. 240, it says all jobs will be published. On the Web you will see every Federal job published. We have made this available to the State organizations and the other organizations that will actually interface with welfare recipients so that they will see all of the jobs that are available, period.

Again, we are not stereotyping. We are using, where the worker trainee would come into being, an existing authority that has been there for years that is an intake for those folks, and I am using virtually a quote, "those with little or no skills." There is opportunity there. And those jobs turn over, I think, on an average when I was looking at them I think my average attrition rate was about 18 percent.

So if you just take the number of jobs at that entry level, and we are not talking everyone is at entry level. Again, avoiding the stereotype, at an 18 percent turnover, that would be in a 4-year period we are talking about. We are talking about 18,000 jobs turning over. They turn over. Folks move on to other careers. They may

enter and move on, promote upward, stay in an agency or go somewhere else to work.

Once they go into a job, the agency itself takes over the training because it is agency-specific. And I think if you talked to VA or you talk to defense or you talk to any agency, when you bring in people you know when they are coming in they have little, few skills, and you work within the ethos of your own agency so the training responsibility is taken over by that agency. They have been doing training because they have been intaking people at the GS-1 and the wage grade 1 and 2 level for years. They are familiar with that and that is one of the things that I was talking about, so that it is a decentralized system and it is a job specific.

Mr. CUMMINGS. Other than the Net, how do you get this word out? Because the people that I know don't access computers.

Mr. KING. Every State employment office has been notified, and at this time I am being told that they are wired in. They all have the equipment to wire in.

Mr. CUMMINGS. So in other words, it would go through the social service agency.

Mr. KING. That's correct, the agencies who actually touch the people. I am not being naive and suggesting that a welfare family has a PC with a modem at home. It is the folks that the agencies are interfacing with that are looking for jobs. What we want to do is broaden our recruitment, broaden and deepen our pool of applicants for these jobs that we know are real, that are necessary to be filled, and for which we must hire someone. And we would like to give these folks an opportunity. And that's what this does.

Mr. KOSKINEN. Let me add, because the Congressman has focused on an important issue that goes to the heart of what we are talking about. Congress and the administration decided last year that we needed to change the culture of our approach to welfare. We need not to consign people to welfare and assume they will always stay on welfare. What we needed to do was, in fact, to reach out to them and encourage them and move them back into the workforce.

What we are talking about here, and the private sector companies have the same experience and as the Congressman said you have people who are unemployed on welfare often anxious to work who do not have access normally to the employment pools because employers do not have a history of reaching out to those communities and affirmatively encouraging them to work in their enterprises.

What the President has done is challenged the private sector and the private sector companies to work with all of us to, in fact, change that set of assumptions. And what we are talking about here, and I think the Congressman has his focus on exactly the right point, is not creating new jobs, not changing the standards for jobs, but reaching out to a constituency that historically we have not reached out to, in fact, advise them of the jobs and encourage them to apply for those jobs.

We're creating over 200,000 new jobs a month in this economy, but many of those jobs are not available to people because there is not an outreach program, so I think, as you will see in the agencies and with OPM work, the major focus of this program is not

creating new jobs. The major focus of this program is reaching out to people we are now encouraging to enter the workforce and making available to them the opportunity to apply for those jobs. It won't be easy. The Congressman is right. We ought not to hold out a will-o-the-wisp. Many of them will not succeed.

But we need to recognize that the glass will either be half full or half empty. We can look at those who didn't succeed or look at those who did who otherwise would not have been offered the opportunity. And that is the core of what we are talking about here. We are talking about energizing Federal agencies and private sector companies to reach out to a core of people who historically they haven't reached out to offer them meaningful employment.

Mr. CUMMINGS. Let me ask you this, talk about benefits, what do you anticipate with regard to benefits? We are talking about, in many instances, temporary jobs. Our experience in Maryland has been that State government has hired a number of temporary employees. They don't have any—when Christmas comes, they don't get paid. They have no insurance benefits. A child gets sick, no kind of leave whatsoever.

And I am just trying to figure out, we are talking about moving people from welfare to work, I am just wondering exactly how that works, especially when I hear all of this temporary jobs. In one of your statements, it talks about the census jobs, which we know are temporary. Someone mentioned part-time jobs. In other words, I am trying to make sure that whatever picture you are painting, I want to make sure that I have an accurate understanding of what it is. In reality.

Mr. KING. Your question goes to really this training coming in through the worker trainee authority, because if you are brought in that way, you are treated as a permanent employee. And that means you are treated like every other Federal employee who is hired as a permanent, there is no exception made.

Mr. CUMMINGS. So, therefore, across the board are you saying that people will, whatever the benefits at the appropriate levels are for other employees—

Mr. KING. They will receive the same. In the category. I think that says it.

Mr. CUMMINGS. The reason why I ask, in Maryland I have some concerns, I have talked about it many times, that we have certain agencies that will bring people in and these people in many instances are placed in a position where they do not have any benefits. So the State gets off pretty good, because they have got a whole group of people over here who are getting benefits which do cost money and then they can bring in folks to replace them or whatever who don't have any benefits.

Therefore, it enures to the benefit of the State to have people who are basically called temporary employees with no benefits.

Mr. KING. There is one other thing in the training though, we should understand. The only thing that is unlike and where these folks are treated differently from other employees is, if you were a regular permanent employee coming in, you would have 1 year of probation. Basically, these folks have 3 years of probation before the permanent job is offered and available to them.

Mr. CUMMINGS. That is the only difference.

Mr. KING. That is if they are coming in under the worker-trainee authority, there is a 3-year oversight period before the job is offered finally. And so your rating, then, is important as you progress.

By the way, just as a quick aside on your State issue, I think it is interesting to note, to add a bipartisan touch to this, that the State of South Carolina, under the leadership of its Governor, has determined that it is important that welfare to work be appropriately covered, so in instances there they have provided free child care, transportation stipends, where people needed uniforms, they bought them uniforms. So the State has been extraordinarily supportive on their end of individuals who are trying to be a success in this workforce, and who have no basic resource to get into this mainstream, as you suggested. So I think the States have a role to play, but that is not my role in speaking to this. I am merely responding to an article that I read.

Mr. CUMMINGS. In a recent article in the Washington Post, they state that about 40 percent of the jobs that President Clinton is hoping to offer would be in the Department of Commerce, and that they are temporary jobs and they are needed because of the census. And I was just wondering, again, I am going back to my point trying to paint the picture as it actually is and not as we want to make it appear. These jobs will be over by 2000; is that right?

Mr. KOSKINEN. Yes, the point is that I think it is important, and I think all of our testimonies note, that some of these jobs will be permanent and some will be temporary and people need to understand that. But even in temporary jobs for people who have not held jobs before or have a difficult employment history, to have a job for 6 to 12 to 18 months, now have a résumé that shows that you have work skills and are able to hold a job, it is important. We should not overemphasize that everyone who fills these positions will be permanent.

As Mr. King noted, they will fill positions in the same way that other Federal employees fill them, and if they have benefits, they will have benefits in the training program. If they are in positions that don't have benefits, then they will not have benefits here either.

Secretary Shalala announced with her plan and other agencies understand it, that these initiatives now, as we look at them in terms of how to deal with new employees, will apply across the board. As she said, what we need to do is look at our low-income workers, not whether they are just coming off of welfare or not, but let's see what our programs are for all of the people who work for us at very low-graded wages. People making \$12,000 or \$15,000 or even \$18,000 a year with families are obviously going to have a very difficult time making ends meet, and we have to look at what are our relationships and provisions and support for people in those grade levels and wage levels wherever they came from.

Mr. CUMMINGS. I agree with you. I think just to have the opportunity to work, to develop new friendships and working relationships, certainly helps one's self-esteem, no doubt about it. And probably will enable them to go on and do some better things, but I am just wondering do you agree with the Washington Post number that 40 percent is accurate?

Mr. KOSKINEN. Forty percent is the commitment by Commerce, and it is tied primarily to their census. And so as you say, the 2000 census and at end of the census, the bulk of those jobs will go away, both for welfare workers and others who are hired. There is 2,000 people that are hired as part of the census operation.

Mr. CUMMINGS. Thank you very much.

Mr. MICA. I thank the gentleman. You raised a number of questions and points that we need to get additional information on the administration's plans, because the reason people are on welfare is they do not have the education, they do not have the job training skills, they do not have available day care. And if we are not prepared—and you are going to get into this program to address some of the fundamental problems—we are not doing the right thing.

So, we are going to ask you for written testimony. And please keep this subcommittee posted on what your plans are in those areas as this proposal moves forward. With those comments, I yield to Mr. Pappas from New Jersey.

Mr. PAPPAS. Thank you, Mr. Chairman. Mr. King, I am wondering if you would be the one to clarify for us the overall pool of potential Federal job vacancies that the 10,000 would fit into?

Mr. KING. I can—you mean the types of jobs?

Mr. PAPPAS. No, just the number.

Mr. KING. The logical number that would turn over? First of all, the 10,000 were designated by the agencies themselves and sent forward, I believe, through OMB. They were identified by each agency.

Mr. PAPPAS. No, what I am saying is out of how many job vacancies within the Federal workforce would the 10,000—excuse me, we have been told that it is a small number out of—

Mr. KING. Last year we hired, in the Federal Government, 58,000 permanent full-time new hires, and 142,000 temporaries. That is while we were downsizing.

Mr. KOSKINEN. And that was just last year. This is a 4-year program. You are talking about a goal of hiring 10,000 over a 4-year period. The 58,000 permanent and 144,000 temporary hires was our experience last year.

Mr. PAPPAS. Thank you. My next comment, I guess it is not so much a question, is for Ms. Disney. In your written testimony, you indicate that there will probably be over the next 5 years approximately 90,000 civilian positions eliminated, and the Department of Defense continues to hire 20,000 civilian personnel a year.

Within my district, there is a facility called Fort Monmouth, and I would like to forward to you, and not pose the question to you here, but a letter that I sent with another Member from my region of New Jersey trying to get some clarification as to how folks who are being in one sense, the position is being eliminated, yet the function shifting from I think the Department of the Army to the Department of Defense and their inability to apply for those positions. So I would like to forward that to you, and I appreciate your assistance in getting that clarified.

Ms. DISNEY. I look forward to it. Yes, sir.

Mr. PAPPAS. The other comment, I want to agree with the gentleman who questioned you folks earlier, besides welfare recipients not having the training or the access to learning what positions

may be available, many of them have just not had an orientation to work, have not had any opportunity to have good work experience.

In New Jersey, there is a program which I don't know if you folks are aware of it is called the Community Work Experience Program. And we in my county found it very helpful to many welfare recipients in that they were given an opportunity to work, if you will, in quotes, for a county agency and were given the opportunity to report to work on time, to just gain some work experience. And this was not an effort to displace employees that we had. We did not reduce the workforce in an effort to save money. It was really an effort to help those that wanted some experience and could then be given a letter of reference as they were really entering the job market. Is there any kind of a program that we have in the Federal Government that is similar to that?

Mr. KING. Under this authority, no. What it is, though, again, is the operating assumption of little or no skills on the part of employees entering these two lower grades. We use numbers a lot, and I have done it, so forgive me. When we talk about 42 percent, for example, have high school or high school equivalency, that is 800,000 people. That is a pretty good pool of talent that can be hired above a GS-1 or wage grade 1. Those are not the only jobs.

So what we are saying is that even for people of very humble circumstances who are motivated, there is opportunity through this training program as an entry. That entry level, the commitment to all of the organizations who are hiring at that level understand the folks that they will be working with, who they will be, and will try to organize programs around them. I don't believe it is any surprise. I yield to the operating agency. VA has had probably as much experience as any organization in the Federal Government, and I will yield to VA.

Ms. FELDER. Mr. Pappas, the question you raised about the training for welfare recipients, I think, as we have begun to look at developing plans and programs, we have learned, and I think Mr. King referred to this earlier, these are going to be local, community-based programs. The actual implementation will occur at the local level.

The local facilities are going to work with their communities. In fact, here in Washington, we have already had a presentation by the State of Maryland. So we are aware that the local welfare jurisdictions will be looking at ways of transitioning their own people from welfare to work. And as a part of that, there will be training. There will also be access to community resources such as the one you just described. And the VA, as an organization itself, already has a tradition of doing two kinds of training. There is one, training that we provide as a part of our rehabilitation of veterans so that we can move dependent veterans back into the workforce and we have a program called our compensated work therapy program. And as a veteran benefit, these people are given the opportunity to have work experiences, to go through training and counseling.

And then they are moved into paid employment as a part of our service to veterans. And as a part of our own organization, because we have a workforce which has in it a lot of entry level jobs, we do traditionally have a development orientation kind of program.

And we would anticipate moving the welfare recipient into these programs and that they would be mentored where that is necessary.

Generally, we are only looking at hiring one or two or three at a facility. And that number can be incorporated into our normal workforce and given special attention when necessary. But we do intend to provide them the training and support that they will need and to work with the local communities to identify resources available to them.

Mr. PAPPAS. We have found through the CWEP program, where some of these welfare recipients have worked in a sense for nothing, many of them have been actually hired as vacancies have occurred, so our experience has been very, very positive.

And I guess my last two comments is following up on that, which I had mentioned to you, Ms. Disney, is that there are many very loyal Federal employees who are either being displaced or are soon to be displaced. And I just hope that we will take great steps, important steps, to keep a balance between what we are trying to do to help those who are not employed and those that may find themselves unemployed.

And my last comment is that this is the Federal Government's part in this effort to assist those that seek gainful employment, but I also think it is important to keep in mind actions that we take with regard to reducing taxes, I think, could help the private sector in creating new jobs that would be more permanent and I think have a better and more secure future for those that would gain that employment. Thank you, Mr. Chairman.

Mr. MICA. Thank you, Mr. Pappas. I would like to recognize now the gentlewoman from the District, Ms. Norton.

Ms. NORTON. Thank you very much. I would like to let Mr. Ford go ahead of me since he heard all the testimony, and then I would go after him.

Mr. MICA. All right, Mr. Ford, you have been here and heard it and welcome again to the panel. This is your opportunity for questioning. You are recognized, sir.

Mr. FORD. Thank you, Mr. Chairman. Let me say to my colleague, Mr. Cummings, and the panelists, we will take all the jobs that you want to create in the city of Memphis. My colleague didn't know where the jobs would be created. We would certainly want them there.

Let me ask a few questions. All of the Members have spoken to some of the issues that concern me as well. But in reality, we are talking about, if I am not mistaken, about 100 Federal agencies that have at least expressed an interest or willingness to participate. And we are talking about 10,000 jobs. So certainly we are only talking about each agency nationwide creating 25 jobs per agency over a 4-year period, if I am not mistaken. Am I correct in that analysis or that calculation?

Mr. KING. I think what you are hearing is from the major executive agencies. We have focused in the conversation first on a GS-1, which is probably one of the smallest percentages of all the Federal job classifications as far as actual employees. And then wage grade 1 and 2, which is fairly small, but still significant. But it pales in comparison.

Let me set the context, if I am correct. Those jobs would be, again, for those folks with little or no skills. What we want to do and what we wanted to make very clear—and we emphasized this—is that we wanted to provide opportunity.

I think Mr. Pappas was kind enough to indicate where in his community they were working on those skills that would prepare people to enter work. It is interesting to note that 70 percent of our group of 2 million have had previous work experience. That is almost 1½ million of the 2 million that are going to go forward.

So, we are not—what we are saying is there are a number of jobs available. We don't want to stereotype. What we did say to the agencies, I believe the President said, and I yield to Mr. Koskinen on this. The President asked the agencies, what would be the level that you could best look at at these particular levels that provided opportunity for those with few, if any, skills? And that is really what you are seeing, if I am not mistaken.

Mr. KOSKINEN. Probably there are over 100 agencies, but a number of them have very few people. We focus the 10,000 and the surveys are basically the 22 largest agencies, and if you look at what percentage of their workforce this is on average, it is six-tenths of a percent of their workforce. So agencies are talking about 50 to 2,000 people over a 4-year period would be their commitments with the exception of Commerce, as we talked about, with about 4,000 because of the decennial census and the Defense Department, which, of course, is larger, but its percentage is the same. It just has a larger number of people as a result. It is half of a percent to six-tenths of a percent is the average that agencies are talking about and that is over 4-years.

Mr. FORD. I stress also, underscore the point that my ranking chairman said, Mr. Cummings, and I am not being critical, but really trying to ferret out some of the germane issues. In terms of the temporary and permanent employee status, in terms of I have heard Mr. Secretary you talk a little bit about exposing workers to the rigors and habits of work and perhaps providing some experience so they can put on a resume and at least provide them with some job-related experience. How is that compatible in terms of the implementation strategy for this moving people from welfare to work? How do you sort of reconcile those two different strands of thought?

Maybe I am not being clear. If you are hiring some folks to expose them to the rigors and habits of work, and you are hiring some folks for permanent employee status, how do you convey that to workers? And I guess it speaks a little bit to what Congressman Cummings has spoken about. I don't see how the two of those reconcile and perhaps you can explain that to me a little better or maybe one of the panelists can elaborate on that point.

Mr. KOSKINEN. As everyone in the private sector has discovered, as well, probably the concept of what is a permanent job has changed a lot over the last 20 years and if you look at particularly the employment experience of young people or people entering the workforce in the private sector, they move on in very short periods of time.

Mr. FORD. I understand that certain people move on, but it seems that the approach of the Federal Government is that some

folks we are hiring for permanent and other folks we are hiring for temporary.

Mr. KOSKINEN. And the agencies all look at what their needs are as we have tried to stress, these are all real jobs. They are real openings. Some agencies, as with Commerce with the census, has real openings in the census board that are temporary. They will run from 6 to 18 months or longer, but they are temporary in the sense that there is a beginning and the middle and an end. That is a temporary program.

Other agencies will have vacancies, some of which will be in temporary jobs, others will be permanent and it is up to the agency to figure out where is the work that needs to be done and what are the programs and the positions that are open? So that we have not limited them to one program or another.

We have said here is what we need to do, how many jobs do you think over the 4-year period can you comfortably commit you can hire? Most of the agencies are focusing that effort where they can on permanent positions, but it depends on what their situation is.

Mr. FORD. In closing, let me say I know my colleague from New Jersey made the point about lowering taxes and, hopefully, being able to invigorate job growth and other opportunities. I am going to salute this administration, salute our President and those of you here. So often, those of us in Congress, and I was not here in the 104th Congress, we showed a lot of courage and temerity to poor people to say that we can be tough and eliminate a guarantee to poor children.

So I salute this President for stepping up to the plate and creating some jobs and some opportunities and I would hope that the private sector would pay attention. I am a proponent of private sector and small business and I would hope they pay attention to the travails and advantages and disadvantages and the strengths and weaknesses of this plan and would look to the Government for leadership in these areas. And with that, I thank you, Mr. Chairman.

Mr. MICA. Thank you, Mr. Ford, and I recognize now Ms. Norton.

Ms. NORTON. Thank you, Mr. Chairman.

First, let me indicate that a real sense that what the President proposes to do is unavoidable. The question is when would you do it? Would you do it after public pressure or do it on your own initiative, because you can't go around the country saying you all have to hire the welfare workers and have the biggest employer up here exhorting, but doing very little. So you would have been slashed about the head and shoulders if you had not moved up and we ought to all recognize that there was no way for them to avoid what they have done. And I commend you on doing what you have done.

My concern is more to avoid perverse effects which often occurs with even the best of intention and the best of efforts. And, therefore, I am interested in the existing workforce and priority placement which I fought hard for in the 104th Congress, and with displacement, which I think is inevitable in the way in which some of the welfare reform will be carried out.

I do not have a problem with the temporary nature of the jobs. Hey, you know, we're not trying to manufacture some Cadillacs

here. We are trying to give people, at the very least, a work history. So that if you can say you worked for 6 months in the Federal Government as a census taker or whatever you give the person to do, and I got satisfactory or outstanding in that, and I was a GS-2, you got something that you can go to town with. And these are folks that are starting with nothing, so I am not worried that you are not providing him a lifetime guarantee of a job.

We have to really face what we are facing in the workforce. Being on welfare is the functional equivalent of having a criminal record today. I mean, maybe all you have had is a child, but the fact is, with two similarly situated people before an employer, the likelihood that he will go for the welfare recipient, not welfare worker, but the welfare recipient over somebody else is not very likely. And so, I regard this as kind of giving people a push or a start since it is so difficult to go straight from welfare and get a job at all.

At the same time, the Federal workers are a largely white collar workforce. You don't have to work with what some other sectors do. This was going to be difficult under the best of circumstances. So I am not discouraged by the difficulties. What did we expect? That when we flood the market or try to flood the market with hundreds of thousands of people who never had a job, it would be easy or we shouldn't have to try to struggle to find what the problems are and eliminate them?

Most people get off welfare themselves within 2 years. So, what we're doing here may make it easier to stay off of welfare because you have a work history and all kinds of problems that we can't deal with, like some of the people who will have child care and other kinds of things that are not going to come with this initiative.

My first question is about the 10,000 number. Could you describe to me where the 10,000 number came from?

Mr. KOSKINEN. We started without a number. The Vice President asked the agencies to develop their plans. People then began to come back and ask what number overall are we shooting for, and we kind of, consistent with Congressman Ford's point of view, was that the Federal Government had to be a leader. It had to be out saying we will do our fair share. It is going to be tough and difficult, but the vast number of these jobs will be in the private sector and that is appropriate.

And as I noted in my testimony, if you look at the goal of moving 2 million off of welfare into the workforce, and look at the average size of the welfare family, that means you have about 700,000 people who will need to find jobs. The Federal Government employs about 1.5 percent of all people in the United States and therefore 1.5 percent or 10,000 people would be in effect our fair share.

But we were doing those calculations while the agencies were doing their plans, and there is some slight difference in terms of what the final calculations turned out to be. But it turns out that, in fact, about 10,000 is the number of jobs that agencies feel comfortable they can fill over the next 4 years, either on a temporary or permanent basis.

Ms. NORTON. Well, it is a nice round number, but my concern is while it is a good fair share number, some of the questions raised here go to the realism of the number in light of the nature of the

workforce, and, of course, the literally unprecedented times in which we find ourselves.

The Federal Government has been growing all of my life as a native Washingtonian, and I never expected to see the day when we would really be cutting the workforce. I realize the difficulty here and I believe the number has to be adjusted as necessary as time goes on. I hope it will be adjusted upward, but I would hate to see us fail to meet it or meet it in a way that brought us great criticism, but I think you have done right to set a number that is not minimal and that is in keeping with the size of your workforce.

I am concerned about displacement for two reasons. We simply don't want to send the message to people at lower levels of the workforce that the way to get a job with the Federal Government is to get on welfare. Nor do we want to displace people who would ordinarily go out to get a job even at the lower levels. And I recognize this is difficult to do. But this—we are already seeing displacement of Mr. Cummings, and I read in the paper about some displacement that has gone on in Baltimore in the hospitality industry. It is almost natural and the only way to avoid it is, in fact, try to keep it from happening. Particularly, if there is a number and an agency is supposed to meet anything or try to meet it.

What I would like to know is if you have thought through what safeguards exist or you would be willing to put into place to keep displacement from occurring or to keep a situation from occurring where people at a certain level of the workforce find that they simply can't get a job unless they have been on welfare, which, again, is not the message that I know you want to send.

Mr. KOSKINEN. Well, we are not proposing that people on welfare will move to the top of the queue. These are vacant jobs. Last year, we had a total of 200,000 positions that had to be filled in the Federal Government. Nobody is being displaced. By definition, these jobs are open.

The welfare recipients will apply with others interested in those jobs, and as noted, both the Defense and the Government, generally all of the existing priorities and preferences will be protected. So veterans preference will be protected, and those who have priority placement rights will be protected.

As I was saying to Congressman Cummings, what we are doing, and what we are asking the private sector to do, is to reach out to a different constituency. We are advertising vacancies to encourage people who otherwise did not know of the vacancies or didn't view them as appropriate or relevant to them to focus on these vacancies as jobs they can fill.

Ultimately, we have all benefited from the economic impact of the programs that Congress and the administration have put in place. These programs have allowed us to generate over 12 million new private sector jobs since 1993. Our unemployment rate is lower than it might otherwise be, and the economy is more vibrant. But ultimately, what we're talking about here is not creating special jobs, not displacing Federal workers. We are saying we have jobs, can we reach out to a constituency, in this case welfare workers, and encourage them to apply on an equal footing with others who are available to apply.

Ms. NORTON. I recognize that there are already remedies in place for abusing existing legal entitlements such as veterans preference and priority placement. I am less sanguine that for people walking through the door there would not be displacement. The examples that were reported from Baltimore happened to simply be people walking in the door and, of course, there are some incentives that are involved.

Mr. KING. Did that happen at a Government agency?

Ms. NORTON. No, no these were in the private sector. And the point is to get the early warnings now of how this operates or may operate in particular settings.

Now, if in fact it is as you say, that there are very limited 1's and 2's in the first place, and many of these workers or recipients will be inclined to be in the lower levels, what I am saying is that you could get to the point where people want to, in fact, with every good reason to meet their goals for people in this lower level to be welfare workers and the perverse effect would be you didn't go on welfare, you could have gone on welfare, you went out here and you got your own job, but you found out that every job at your level in the Federal Government is going to go to a welfare recipient.

Mr. KOSKINEN. You have to be careful with it. It is a very important question. We are not obviously suggesting to the business where the bulk of these jobs are going to be filled that they should only fill jobs with welfare recipients where there is absolutely nobody else in the country applying for that job. What we're saying is that we need to expand the group of people to whom we reach out, that we need to, in fact, if we are going to require welfare recipients to work, we need to give them a fair opportunity, not a special opportunity, but a fair opportunity to know where those jobs are to be able to apply for them.

Ultimately, somebody will have a job. Theoretically, you could argue any time a welfare worker has a job that means somebody else doesn't have that job, but as I say, it seems to me the perverse result would be that if we said that our process is going to be that the only job a welfare worker is eligible for is a job that we could establish no one else is interested in.

Ms. NORTON. Well, my only warning is that this is a zero sum game. This is not an expanding workforce. And one of the things I think you should do is to monitor, especially the low level jobs and see who, in fact, is getting them. Obviously, I am not arguing for not giving these jobs or large numbers of them to welfare recipients. But, again, when we try to do something good, an unintended consequence could result, and something that we would not endorse.

There is some concern among employee organizations about this. Less, I think—I don't think there needs to be a great deal of concern. I think the protections are in place. Have you met with all of the employee organizations?

Mr. KOSKINEN. We have had meetings. Mr. King chairs an organization called the National Partnership Council, which has the heads of the four largest employee organizations. We had a full presentation of this program with them with a set of Federal managers so they are well-acquainted with what the nature of this program is. And specifically, these same questions have come up there,

and I think they are comfortable that we are not providing special jobs or special benefits for people who come off welfare to the Government as opposed to anyone else who comes into the Government.

Mr. KING. But the concerns were legitimate, and they were very profound, to the point, and very well taken, as you well know.

Ms. NORTON. Mr. Chairman, with your indulgence, one more question. It really comes with the experience I had with a temporary employee. You may even remember it. Just a few years ago, there were stories in the paper about a man who scrubbed out the Lincoln Memorial, had seven children, dropped dead on a very hot day, literally from overwork. He had been working around the clock.

And because he had been a temporary employee at the Park Service for 7 years and had never been made permanent, he had no benefits. Ultimately, literally, I went on the floor and was able to get the other side to agree to what was no more and no less than a special bill for the wife and seven children. By the way, they've now bought a house. And that's one story that turned out all right.

And, of course, there were promises made about how to deal with temporary employees, and I know that there has been an attempt to try to deal with temporary employees. Nevertheless, I do note that it appears that some temporary employees would not get at least some of the benefits that welfare recipients would get, and I wish you'd clarify that for me.

Mr. KING. Whatever authority and whatever circumstances the individual is hired under, everyone will be treated the same.

Ms. NORTON. So that what; what? So that, for example, a welfare recipient simply gets what anybody else gets?

Mr. KING. Welfare recipient, as far as we're concerned, is an American citizen. But they have been in many ways—because of the situation, have been—not had the opportunity to be even aware of the kinds of things that we're talking about. And this is an opportunity to join that pool of candidates for employment.

Within that pool, we have talked about just really one authority. There are several authorities that are available. You can use any one of those authorities to come in. You can come in as just a regular citizen and apply for a job at any level, and be competitive, and be tested, and compete within that and get the same benefits.

I think the emphasis has been on people who were really just starting out and had no real work record and no educational background. What we're talking about, by the numbers that we're looking at, are overwhelmingly people who have enough basics, but we are talking about those who are the exception, not the rule.

Ms. NORTON. Well, it is the worker training program where you could convert to civil service status, are there benefits at that level—

Mr. KING. Yes.

Ms. NORTON [continuing]. That there are not now?

Mr. KING. The assumption on coming in is that you will be a permanent employee.

Mr. KOSKINEN. If you're in that program. That's not a program just for welfare recipients. That's a program that applies across the board. Those in that program will have whatever benefits that pro-

gram provides. Those who are hired in other programs will have the same benefits that employees in those areas have.

As we discussed earlier, one of the things we need to focus on when we look at the status of temporary employees is not whether they're temporary welfare employees or temporary employees. The issues about temporary employment are appropriate—as I said, Secretary Shalala noted that one of the things this initiative is having as a positive impact is agencies looking at how our lower graded employees, whether permanent or temporary, are and how are they faring, and what additional support and resources can we and should we provide to them.

So the goal here is not to have a special welfare program. The goal here is to have a special outreach program to encourage welfare recipients to apply for jobs. They'll apply on the same basis as others. The existing preferences will apply. And to the extent that we focus on the status of temporary employees in the Federal Government, if there are issues raised about that, we should address those. We should, in fact, make sure that we're providing the same support and benefits for people in similar classes within the Government.

Ms. NORTON. Mr. Chairman, I just want to say, as I have finished my questions, that I think the questions you have raised and the questions the Members have raised have been very legitimate questions. We've raised them, however, at the outset before there is any experience. And I hope that those who have testified have heard the questions, because I believe that the chairman will want to hold a hearing in the near future when there has been some experience to see if some of these problems have been avoided. And I should think you would want to monitor this program very carefully, because if you succeed, you will encourage the private sector. If, in fact, problems develop, you will have the opposite effect. I congratulate you on trying.

Mr. MICA. Thank you for your questions.

A number of points have been raised today. Let me just follow, if I may, on the gentlelady's line of questioning. You did describe that these folks, many of these folks, or you did testify today that many of these folks would be temporary employees, I think, probably the Census Department, some of those jobs, many of those—

Mr. KOSKINEN. Yes.

Mr. MICA [continuing]. That we're talking about. What concerns me, too, is that we aren't really addressing the problems or the needs of welfare recipients even in this program. Then, in fact, they won't have health care benefits.

Most—many of these folks are single mothers with dependent children. They need day care. They need transportation. They need education. So it creates the same dilemma that you see in the private sector that we're doing in the public sector. We're offering part-time, low-paying jobs with no benefit, no opportunity.

And the alternative in my State, I come from Florida, and they get \$7.75 an hour equivalent—multiply that out, that's about \$300 a week times 50 weeks is \$15,000—and health care benefits if you stay on welfare versus what's a GS-1 make, \$13,000 entry?

Mr. KOSKINEN. Give or take a little, yes.

Mr. MICA. Yes. Or temporary positions with no benefits.

We want to monitor this program. We don't want to say we're doing something when we're not. Of course, providing some work experience is better than none, but are we providing an alternative? What would your choice be if you get no benefits and more money versus working and less benefits? So we need to monitor this very carefully.

I'm also concerned, now, Ms. Disney, you said that one-third of the positions you thought would come from private contractors. Is that—

Ms. DISNEY. Well, slightly higher than that, yes, sir.

Mr. MICA. Well, I have no problem. We're asking and we've been involved in this for 4 years of moving Federal employees into the private workforce, RIF'ing them and putting more contracting positions in and privatization. Is there a directive going out now to all the private contractors? I think I had heard they were asking the private contractors to pull their fair share.

Mr. Koskinen.

Mr. KOSKINEN. Yes, we have not made a requirement in any procurement regulation. What we have done is encouraged all Government procurement officers to advise contractors that this is a nationwide effort, that the administration and the Congress are committed to hiring welfare workers, and that everyone ought to pull their fair weight, and that we are encouraging. But it's moral assuagement more than anything else. We're encouraging Federal contractors to look hard at their ability to hire welfare recipients.

The advice we've reminded them of is any employee training due, to the extent they train new employees for the jobs they are performing, those costs are acceptable costs for reimbursement if you're on a cost reimbursement contract. But basically we have not required it. We have simply stated this is a goal. We're asking all private sector companies to participate, and we expect that Federal contractors will pull their fair share.

Mr. MICA. Well, the other final caution is Mr. King, who's talking about maybe 500 positions, Ms. Disney is talking about 800 positions that would fall into these categories for which there may be buyouts, have been buyouts overall. And, again, I caution you. If we hear instances where there had been buyouts of these positions filled by these folks, again, it's going to raise a tremendous ruckus.

One final point per chairman's prerogative, Veterans' Administration representative, and the point of buyouts, I was accosted yesterday by Mr. Everett from Alabama, I guess he's with the Veterans' Committee, about buyouts and issuing buyouts to a veteran agency employee who had a sexual harassment charge against that individual. That is not what we intended. So Mr. King is gone, but we need to have some very specific guidelines that prohibit the awarding of any buyout to any Federal employee who has some type of charges pending against them, not that they may not be entitled to it, but if they are, and we want due process here.

But it is not pleasant for me as Chair of this subcommittee to find out that these instances where there may be individuals who violated personnel ethics and codes and responsibility, and then be awarded a buyout. So we need to make sure we're all on the same frequency and this is properly approached.

Do you want to comment?

Mr. BRICKHOUSE. Mr. Chairman, you're correct. That did happen in our agency. I might add that, and I'm not making excuses, but the person who took advantage of the buyout took advantage of it before charges were brought. So these allegations weren't confirmed, if you will, and he retired and took advantage of it.

But I might add you make a good point. We will look at that. We will monitor that, and we understand.

Mr. MICA. Well, these things do happen, but they can't be repeated. Mr. King is gone, and I direct staff to make sure he gets a letter to this. And then we are held responsible. With that, I'll yield to the ranking, Mr. Cummings.

[The letter referred to follows:]

DAN BURTON, INDIANA
CHAIRMAN

HENRY A. WAGMAN, CALIFORNIA
RANKING MEMBER

ONE HUNDRED FIFTH CONGRESS

Congress of the United States
House of Representatives

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April 30, 1997

The Honorable James B. King
Director, Office of Personnel Management
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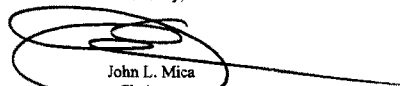
Dear Mr. King:

Thank you for your testimony on behalf of the President's welfare to work initiative during the Subcommittee's April 24 hearing. We appreciated that ability to analyze the implementation of this program. We remain concerned, however, that the program not result in inequities between well-qualified applicants who have not been on welfare and the people targeted by this presidential initiative.

Let me repeat one of the concerns that other Members bring to me frequently. The authority to administer a buyout program requires careful monitoring and effective oversight. I was very distressed when Rep. Terry Everett approached me after learning about a senior official at the Department of Veterans Affairs who accepted a buyout then was accused of sexual harassment. Buyouts are especially troublesome if they appear to be severance pay after improper conduct.

I look forward to a busy year, and hope to complete work on some of the significant issues that we initiated during the previous Congress.

Sincerely,


John L. Mica
Chairman
Civil Service Subcommittee

Mr. CUMMINGS. I just have a few questions. First of all, I want you all to understand, I agree with Ms. Norton. I think it is very important that we do this. As a matter of fact, it's imperative. The question becomes, I guess, let's make sure we do it. And I think a lot of the concerns, as she stated, that we have voiced here are the kind of things that we hope that you all will be looking out for.

Other than the private contractors, trying to encourage them to hire people who are on welfare, and other than President, I guess, using his position as a bully pulpit to try to get the various corporations, some of which he mentioned in his State of the Union Address, to hire people off of welfare, what else is being done with regard to the private sector? Because I think so often we look to Government to do certain things, and 10,000 jobs is very nice, but the private sector is where the jobs are. I'm just trying to—I just wonder what else is being done, if anything, to try to get those companies to do the—to help us out on this.

Mr. KOSKINEN. Well, as you noted, we have five companies that have agreed to take a leadership role, and they are United Airlines, Sprint, Monsanto, United Parcel Service, and Burger King.

Next month, the President will host a meeting at the White House with business leaders from across the country to not only encourage, but to hopefully get more of them committed not only to work in their own companies, but in their industry groups, because I think this is not going to be—will not work if it's a one-time initiative or exhortation. We need to have continued followup and dialog.

I think thus far our experience is that the private sector is responding privately. Over the last 20 years, people have lamented the problem with the welfare system, the inability on welfare to find jobs in many cases, the stereotype that they're not interested in jobs. I think now we all have a chance and opportunity to, in fact, see if we can change that culture.

So at that White House meeting next month, the President will not only be exhorting the private sector, but hopefully signing them up for major commitments on their part to assert leadership in the private sector.

Mr. CUMMINGS. Mr. King, I think it was you that said you identified 25 positions at OPM.

Mr. KING. Right.

Mr. CUMMINGS. I was just curious. How did you come to the conclusion that those, you know, those jobs were appropriate for people coming off of welfare?

Mr. KING. We did operate on the assumption that a number of the folks that would be coming to us may have little experience and few skills, and therefore we identified those positions at a career entry level that would meet those criteria, and our hope is that we will work and create a climate in which people will apply. If we have a deep pool, we can select the best candidates from that pool.

Mr. CUMMINGS. My friends from the VA, we in Baltimore, of course, we have a VA hospital, had a lot of interaction with the VA Hospital, and one of the things that they continuously complain about when we try to get them to hire people from the Baltimore area, people who live in Baltimore, because it's like a large percentage of their employees do not live in the area, and a lot of these

people will be the very folks that we're talking about, but their constant complaint is that they—I think it's Dennis Smith—

Mr. BRICKHOUSE. Yes.

Mr. CUMMINGS. Yes.

Mr. BRICKHOUSE. He's the director of the hospital.

Mr. CUMMINGS. His constant complaint is that they RIF so many people that they are worried about taking care of the RIF'd people who are standing there on the sidelines.

I'm trying to put all this together to make sure what we hope happens happens. And that's my concern. I—I really want to see this, this effort be successful. But when I hear things like that—and one of the other things that I hear is that people in my district, the first thing they ask me, and I'm sure Ms. Norton probably hears the same thing to some degree, most people ask me, can you get me a Government job? I don't know why that is, but that's the first thing they ask. I mean, if nine people ask me about a job, at least four of them are going to say, well, can you get me a job with the city of Baltimore?

In other words, I guess there is a feeling that that brings a certain level of security. And so, you know, people in my district would be happy to take some jobs at the VA, I mean, because it's a—it's kind of a clean-cut job, and they probably would really like that. But you know what we found is that, like I said, in my efforts, they've been hitting a brick wall, and I just want you to address that.

Mr. BRICKHOUSE. Well, first of all, Congressman Cummings, we do have some potential candidates to be hired in the Baltimore area. I have a list of all of our facilities.

Mr. CUMMINGS. Good. We'll have to talk right after this.

Mr. KING. As long as it's under the context of the merit system, this conversation is totally on the up and up.

Mr. BRICKHOUSE. Mr. King, we understand the merit system, and we follow it.

I might add that, to answer your question a little further, though, we have in the VA over 240,000 employees. And I will admit to you we are in the midst of RIF'ing people, as we mentioned earlier to Mr. King and Mr. Koskinen, though primarily those RIFs are at higher level employees and not down at the wage grade or the GS grade. And as you very well know, in some of those areas, for example, we do have consolidations. In other words if we have two hospitals within 15 minutes of each other, why do we need two pharmacy staffs, if you will? But most of those are targeted, in my estimation, at senior levels.

I think, as I have mentioned earlier, we targeted 400 jobs this year and 400 jobs next year because we have such a large turnover in those types of jobs in the VA. So I think, as you have mentioned, though, we will continue and we do have some avenues to hire some of these people, but at the same time my belief is that we will still be conducting RIFs because of some of those consolidations and some of those positions that we do not need in some of those facilities, if you will.

Mr. CUMMINGS. Just one last question. When we have this 40 percent of the people going into the proposed positions with Commerce and Census, again I agree with Ms. Norton, it is important

to establish a track record, employment record. I'm just wondering, though, is there any aim at sort of trying to guide folks?

We know that's going to come to an end, and our objective, of course, is to keep people employed. And we also know that people have limited time that they can be on welfare, pursuant to legislation. And some of them will probably—once they get these jobs will probably maybe, I don't know, run out of their time or close to it. And I guess all I'm asking you is there any—are you giving any consideration to trying to make sure that people are at least steered in the direction of some kind of other employment so that—so that we don't—and I understand that this is a program, you're trying to do something for people that is no preferences, understand all of that. But still, the Government will have taken these people in and in many instances will have trained them, will have invested in them, and will have placed them in a position whereby we definitely are, you know, cutting into this whole welfare situation. The question then becomes do we allow them to fall off a cliff without giving them some kind of guidance? That—

Mr. KING. Once they come onto the payroll and they are employees, we have historically bent over backward to accommodate our employees, whoever they are and wherever they are. I would have to yield to the Chair, who has provided enormous personal leadership in this area, when we talk about soft landing for Federal employees, the attempts that were made when we knew we were faced with downsizing to have voluntary departures from Government so that we didn't force people on to the street, so that we are concerned.

That's—I can't think of any agency here as I'm looking at the people here, I actually know their conduct and the work that they have done to help people through that.

I think Ms. Norton made an excellent point that here we are in Washington where we view Government as the business, and yes, it is huge. But two-thirds of the jobs in this metropolitan area are in the private sector. The eastern-Silicon Valley, the largest communication complex in high technology, is 5 miles from where we're sitting.

I mean, the world is changing as we're talking, and what we would like to do, as we're saying, is we want every American to be part of that world and that future. We think we can contribute in the way we're speaking, and we would like to think that we continue to support our Federal employees, whomever they are and no matter what their grade level is, but there is an equity involved there, and there is a commitment from all of us.

Mr. CUMMINGS. Thank you very much. And I wish all of you the very best in what you're trying to do.

Mr. MICA. Thank you Mr. Cummings.

I yield now to Ms. Norton.

Ms. NORTON. No further questions, Mr. Chairman.

Mr. MICA. Well, I thank the panelists.

I have one final question. We're going to have testimony in our last panel from one of our Members, Eddie Bernice Johnson, a Congresswoman from Texas, to introduce legislation that would provide welfare recipients with a 3-point preference in Federal hiring.

Has the administration taken a position on H.R. 1066, or is there any inclination toward supporting this type of a measure?

Mr. Koskinen.

Mr. KOSKINEN. We're not taking a position. As I understand it, it was only introduced very recently. As I say, our general approach has been to treat our program not as a preference, but to treat our program as an outreach program to try to encourage people to become aware of the opportunities in the Federal Government and to have a commitment on the part of agencies to participate in that outreach.

But at this point we have not in response, but really anticipation of the concerns that might be raised, have tried to view this not as a preference program. We are trying to view this primarily as a program designed to fill available slots with people who are qualified at whatever the level of qualifications are.

Mr. MICA. And, Mr. King, you went out for a moment, a personal privilege, when I was lambasting the practice of giving buyouts to individuals who had some pending personnel charges against them. I'm not going to ask you to respond, but we did have an instance that was brought to my attention yesterday in the Veterans' Administration where an individual was charged with sexual harassment was getting a buyout. And we need to make sure—you know the problems we've had in the past in defending that program, and when you have instances like that, it doesn't set well on the Hill.

I want to thank you. I think you all have helped, as Ms. Norton said, at an early stage of helping us look at the administration's proposal.

We're treading into some new water here. I think we've raised many serious questions that need to be addressed as they proceed, and it is very difficult as Chair of this subcommittee, when I'm involved in unprecedented RIFs, when we've been involved in incredible downsizing, consolidations, the buyout program, for me to look these Federal employees in the face, or former Federal employees, or employees that are waiting for a position to come back to work with us, who have dedicated part of their lives, we are—the administration is proposing to employ welfare recipients or former welfare recipients in the Federal workplace.

So it raises many questions. We need to work together as you develop your plans to implement this. And we need to possibly revisit this with another hearing.

In the mean time I'll excuse the panel, and thank you for your testimony and participation.

Mr. KOSKINEN. Thank you, Mr. Chairman.

Mr. MICA. And I'll call our second panel this morning. The second panel today consists of Mr. Steven Hantzis, and he is the national executive director of the National Federation of Federal Employees and will present the Federal employees'—represent the Federal employees' viewpoint on today's panel.

We also have in this panel Mr. Robert Rector, who serves as the senior policy analyst on welfare and family issues at the Heritage Foundation, and he'll provide the benefit of his expertise in studying various welfare issues.

We also have Mr. James Riccio, senior research associate at the Manpower Demonstration Research Corp. in New York, and he will provide his perspective on the issues facing our subcommittee.

And the fourth member of the panel will be Mr. Charles Tetro, who is the president of the Training and Development Corp. in Bucksport, ME. He has implemented welfare-to-work training programs for more than 20 years and should be able to provide us some insight based on his work.

As I mentioned to our previous panel that this is an investigation and oversight subcommittee, and it is the custom and practice requirement that we swear in our witnesses. So if you will please stand.

Raise your right hand.

[Witnesses sworn.]

Mr. MICA. Thank you. The witnesses have answered and responded in the affirmative, and we're pleased to have this panel and welcome you as—I think you all are new witnesses. What we do is allow you to summarize, if you can, or present your testimony within 5 minutes, and lengthier statements will be submitted for the record.

Now, I'll recognize Mr. Steven Hantzis, national executive director of National Federation of Federal Employees.

STATEMENTS OF STEVEN HANTZIS, NATIONAL EXECUTIVE DIRECTOR, NATIONAL FEDERATION OF FEDERAL EMPLOYEES; ROBERT RECTOR, SENIOR POLICY ANALYST, WELFARE AND FAMILY ISSUES, THE HERITAGE FOUNDATION; JAMES RICCIO, MANPOWER DEVELOPMENT RESEARCH CORP.; AND CHARLES G. TETRO, PRESIDENT, TRAINING AND DEVELOPMENT CORP.

Mr. HANTZIS. Thank you, Mr. Chairman. My name is Steve Hantzis, and I'm the national executive director of the National Federation of Federal Employees. NFFE President James Cunningham wanted to be here today to present NFFE's views on this important issue. Unfortunately, President Cunningham is in California and can't be with us this morning.

At the outset, I would like to make it clear that NFFE applauds the efforts of the Clinton administration to set an example for the private sector. Federal employees support the concept of hiring former welfare recipients and help them make a better life for themselves through hard work and opportunity. Our members know very well the value of hard work and diligence.

However, as supportive as NFFE is of the conceptual underpinnings of the President's plan, we have some significant concerns with the manner in which his plan is being implemented and the potential impact of the plan's implementation on the Federal workforce.

NFFE is troubled by the fashion in which this plan was created. It appears to be another example of policymaking by headline. The President announced his goal of hiring welfare recipients to the media and the Nation with no concrete plan in place to accomplish the task. The administration then required Federal agencies to rapidly develop and implement this program with little thought apparently being given to the long-term effects of their actions. NFFE is

concerned that the hasty and potentially short-sighted method in which the plan was developed will harm the administration's previous efforts to reform the Federal Government.

Additionally, NFFE is concerned with what many of the members have termed the hypocrisy of this plan. To many Federal employees, the fact that the Clinton administration, after eliminating over 300,000 Federal jobs, has decided to suddenly create jobs in order to accomplish the goals of this plan is outrageous.

NFFE understands that the administration claims that no new jobs will be created and that these employees will just be considered for existing jobs that need to be filled. At the same time, however, the administration has stated that most of these jobs will be at the GS-1 and GS-2 levels.

According to the Office of Workforce Restructuring at the Office of Personnel Management, the Federal Government had a total of 677 GS-1 and GS-2 employees on the payroll as of September 1996. If no new jobs are to be created, and the new employees are slated to be GS-1's and 2's, NFFE asks where these new positions are going to come from?

NFFE is also concerned that former welfare recipients may be swiftly placed into Federal positions while some involuntarily separated employees remain on displacement lists. NFFE maintains that the Federal Government has a responsibility to first help those employees who have faithfully served their fellow citizens, and that these employees should be the first to be considered for all job openings.

There are currently 21,000 employees on the stopper list at the Department of Defense. Unfortunately, since OPM does not maintain a governmentwide re-employment priority list, it is unclear how many Federal employees remain on displacement lists.

The employees on these lists are hard-working, dedicated individuals who have lost their jobs through no fault of their own. If the administration is going to make extraordinary efforts to find jobs for any group of individuals, hiring displaced employees should be their No. 1 priority.

Additionally, there is a question of equity between current Federal employees and employees that will be hired under this proposal. It is NFFE's understanding that the employees hired under this plan will be eligible to convert to permanent career status after 3 years. If this is true, NFFE is deeply troubled.

Currently there are tens of thousands of temporary employees working for the Federal Government. These employees work each day to provide their fellow citizens with the comfort and security they deserve. However, these workers do not enjoy a similar peace of mind. They have no retirement benefits or job security. And although they were recently given the right to purchase health insurance under FEHBP, they're required to pay the full cost, which, for many, prevents them from purchasing insurance.

Fortunately, the plight of these workers only surfaces after a tragedy like the Colorado fire where 14 temporary employees lost their lives, or when a dedicated employee like James Hudson loses his life while performing his job.

Temporary employees deserve to be treated fairly. Allowing a new hire to convert to permanent status without providing long-

term temporaries with the same opportunity would be a slap in the face to these workers.

The situation at one agency illustrates potential inequity in the President's plan. Currently there are thousands of employees within the Forest Service that have worked as temporaries for over 10 years. These employees are not eligible for conversion to career status. In fact, because of the OPM's new policy on temporary employees, many of these dedicated individuals are about to lose their jobs.

If the administration is going to allow these new hires to convert to permanent status, fairness demands, that it immediately convert these long-term temporaries already on the payroll to convert them to permanent status.

NFFE is also troubled by the potential drain this program could have on agency training budgets. In this budget-cutting era, funding for agency training programs has been stretched to the limit. In fact, many of our members have expressed concern that their agencies are no longer able to provide them with the training they need to excel in their duties. In today's complex and increasingly high-tech workplace, employees need to be—need to receive training if they are to perform their jobs at highly skilled levels.

NFFE is concerned that the need to intensively train these new hires will have a dramatic negative impact on the ability of agencies to provide training to its current staff, thereby reducing the ability of agencies to serve the public. NFFE urges the Congress to ensure the agencies receive the funding adequate to provide the new hires with the training necessary to succeed at their jobs and continue to provide training to current employees.

Finally, Mr. Chairman, I want to highlight a problem that the administration may or may not be aware of. The average Federal employee is very disturbed by this plan. It is important to know that Federal employees are not upset because they do not want to help these individuals make a better life for themselves, but rather they're upset because they cannot understand how, after 4 years of massive downsizing and budget cuts, the administration can suddenly find the ability to hire and train thousands of new employees. In discussing the President's proposal with our membership, the phrase we hear most often is "outrageous."

For the last 4 years, Federal employees have suffered through the largest job-slashing program in history. We have watched countless jobs transfer to the private sector contractors, who overcharge and underperform. They have been consistently asked to perform an ever-increasing range of duties with fewer and fewer resources. They have received minimum pay increases that are far below what they're entitled to under the law and have been watched with dismay as their benefits are cut in the name of budgetary savings. Now these employees watch in amazement as the administration declares it has the resources to hire, train, and provide benefits for a new pool of employees. It's no wonder Federal employees are upset, confused, and demoralized.

The administration needs to do a better job communicating the details of this plan to employees. These hard-working and dedicated employees deserve to be told how the administration will implement this plan, what positions will be filled and why, what the

impact will be upon current employees and agency budgets, and why these new employees may be receiving opportunities that former employees are not. American workers deserve and demand no less.

And this concludes my testimony. I will be pleased to answer my questions.

Mr. MICA. Thank you, and we will defer questions to all the panelists who testify.

[The prepared statement of Mr. Hantzis follows:]

Good Morning Mr. Chairman and Members of the Subcommittee:

My name is Steven Hantzis and I am the National Executive Director of the National Federation of Federal Employees. NFFE President James Cunningham wanted to be here today to present NFFE's views on this important issue. Unfortunately, President Cunningham is in California and cannot be with us this morning.

Before I begin, I would also like to take this opportunity to congratulate Mr. Cummings on becoming the ranking member on the panel and to welcome Mr. Ford to the Subcommittee. On behalf of NFFE President Cunningham, I would like to say that NFFE looks forward to working closely with both of you over the next two years.

At the outset, I would like to make clear that NFFE applauds the efforts of the Clinton Administration to set an example for the private sector. Federal employees support the concept of helping former welfare recipients make a better life for themselves through hard work and opportunity. Our members know very well the value of hard work and diligence.

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NFFE is troubled by the fashion in which this plan was created. It appears to be another example of "policymaking by headline." The President announced his goal of hiring welfare recipients to the media and the nation with no concrete plan in place to accomplish the task. The Administration then required federal agencies to rapidly develop and implement this program with little thought apparently being given to the long term effects of their actions. NFFE is concerned that the hasty and potentially short sighted method in which this plan was developed may harm the Administration's previous efforts to reform the federal government.

Additionally, NFFE is concerned with what many of our members have termed the hypocrisy of this plan. To many federal employees, the fact that the Clinton Administration , after eliminating over 300,000 federal jobs, has decided to suddenly create jobs in order to accomplish the goals of this plan is outrageous. NFFE understands that the Administration claims that no new jobs will be created

and that these employees will just be considered for existing jobs that need to be filled. At the same time, however, the Administration has stated that most of these jobs will be at the GS-1 and GS-2 levels. According to the Office of Workforce Restructuring at the Office of Personnel Management, the Federal government had a total 677 GS-1 and GS-2 employees on the payroll as of September of 1996. If no new jobs are to be created and the new employees are slated to be GS-1 and 2's, NFFE asks where are these new positions going to come from?

NFFE is also concerned that former welfare recipients may be swiftly placed in federal positions while some involuntarily separated employees remain on displacement lists. NFFE maintains that the federal government has a responsibility to first help those employees who have faithfully served their fellow citizens and that these employees should be the first to be considered for all job openings. There are currently 21,000 employees on the stopper list at the Department of Defense. Unfortunately, since OPM does not maintain a government-wide reemployment priority list it is unclear how many federal employees remain on displacement lists. The employees on these lists are hard working and dedicated individuals who have lost their jobs though no fault of their own. If the administration is going to make extraordinary efforts to find jobs for

any group of individuals, hiring displaced employees should be their number one priority.

Additionally, there is a question of equity between current federal employees and employees that will be hired under this proposal. It is NFFE's understanding that employees hired under this plan will be eligible to convert to permanent career status after three years. If this is true, then NFFE is deeply troubled. Currently, there are tens of thousands of temporary employees working for the federal government. These employees work each day to provide their fellow citizens with the comfort and security they deserve. However, these workers do not enjoy a similar peace of mind. They have no retirement benefits or job security, and although they were recently given the right to purchase health insurance from FEHBP they are required to pay the full cost, which for many prevents them from purchasing insurance.

Unfortunately, the plight of these workers only surfaces after a tragedy like the Colorado fire where 14 temporary employees lost their lives or when a dedicated employee like James Hudson loses his life while performing his job. Temporary employees deserve to be treated fairly. Allowing the new hire to

convert to permanent status without providing long term temporaries with the same opportunity would be a slap in the face to these workers.

The situation at one agency illustrates the potential inequity of the President's plan. Currently, there are thousands of employees within the Forest Service that have worked as temporaries for over 10 years. These employees are not eligible for conversion to career status. In fact, because of OPM's new policy on temporary employees, many of these dedicated individuals are about to lose their jobs. If the Administration is going to allow these new hires to convert to permanent status, fairness demands that it immediately convert these long term temporaries already on the payroll to convert to permanent status.

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agencies to provide training to its current staff, thereby reducing the ability of the agencies to serve the public. NFFE urges the Congress to ensure that Agencies receive the funding adequate to provide the new hires with the training necessary to succeed at their jobs and continue to provide training to current employees.

Finally, Mr. Chairman, I want to highlight a problem that the Administration may or may not be aware of. The average federal employees is very disturbed by this plan. It is important to note that federal employees are not upset because they do not want to help these individuals make a better life for themselves. But rather they are upset because they can not understand how, after four years of massive downsizing and budget cuts, the administration can suddenly find the ability to hire and train thousands new employees. In discussing the President's proposal with our membership, the phrase we hear most often is "outrageous."

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This concludes my testimony, I will be pleased to answer any questions you may have.



National Federation of Federal Employees

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NFFE has received no grants or contracts from the Federal Government in
the last two fiscal years.

A handwritten signature in black ink, appearing to read "Steven Hantzis", is written over a horizontal line.

Steven Hantzis
National Executive Director

Mr. MICA. I'll recognize Mr. Robert Rector, with the Heritage Foundation. You're recognized, sir.

Mr. RECTOR. Thank you very much for the opportunity to be here today and to testify about this policy. Unfortunately, I find this policy is at best irrelevant, and at worst it creates a pattern of discrimination against American citizens, who have not been on welfare and Government hiring. It's a very foolish policy, and it has nothing to do with reducing welfare dependence.

You know, one would think that if the Clinton administration were interested in generating self-sufficiency and reducing dependency, that they would go to those individuals and those States that have a remarkable track record in reducing dependency and generating self-sufficiency. Did they do that? Absolutely not.

Instead what they do is turn to a set of failed, tired policies and to a set of advisors who have a perfect track record in increasing dependency and come up with a policy that is more a press release than an actual mechanism for helping the poor.

We have a kind of myth here that as the welfare state has grown and grown and grown since Lyndon Johnson created it, the dependence is in some way inevitable, and we're all trying to figure out how to reduce dependence. Well, the reality is we've known for over 25 years how to reduce dependence. And this city has basically spent most of that time trying to prohibit States from operating programs that will get people off of welfare and into jobs.

The reality is that it's not all that difficult to reduce dependence, and that if we look at States today, such as Wisconsin, Oregon, Massachusetts, South Dakota, we can see how this is done. In particular, if we look at Wisconsin, which has the leading policy in the Nation, we look at the time since Governor Thompson took office in Wisconsin, we see that the overall AFDC caseload has dropped by an astonishing 55 percent, utterly unprecedented. In inner-city Milwaukee, a depressed ghetto area, the caseload is down 32 percent, and in the rest of the State 70—the caseload has dropped 71 percent. Now, how did they do that? And as we speak, the AFDC caseload in the city of Milwaukee is continuing to drop at 2 percentage points per month. How did they do that? Let me just briefly go through it.

When somebody comes and applies for AFDC in Milwaukee, the first thing they do is surprisingly counsel them on the negative effects of welfare dependence. Then they offer them short-term aid: Is there something we can do to help you not get on welfare in the first place; exactly the opposite of what every other welfare office does.

Then they say, look, before you come onto welfare, we're going to require you to search for a job for 60 hours to essentially earn your right into entry into welfare. And then you know what? As soon as you get on welfare, we're going to make you work for the benefits that you get. And you know what happens when they do that? Roughly 1 out of 3 of the recipients coming in and applying for welfare simply turn around and walk right back out because they have other options. They don't really need to be on welfare in the first place.

If they do go on and get onto welfare, what they then do is say, all right, welfare is no longer a free income. You must perform

community service work in exchange for the benefits you get. If we require you to do 30 hours of work, and you do 15, we're essentially going to cut your benefits in half. It's called Pay for Performance. And what this means, both in Oregon and Wisconsin, is that people who are put under those circumstances very, very quickly leave welfare because welfare is no longer a good deal for them. They're no longer getting a free income for nothing. They must work for their welfare income, and all of a sudden taking some other job in the private sector is much more attractive.

Massachusetts, Wisconsin and Oregon have demolished all of the prevailing mythology about welfare dependence. They have proven to us that what was said in the past is simply not true. In the past we've been told welfare recipients want to work, but there's no jobs available. It's absolutely untrue, and it's disproved every time you put this type of work in place.

Second, the shortage of day care and transportation means people can't get jobs. Absolutely untrue. It's not a significant problem. It's not a barrier to self-sufficiency in major detail.

Third, radical drops in caseload will cause huge economic deprivation. Simply not the case. These families are much better off because they are setting up working role models. And these kids are going to benefit because the pattern of dependence is being disrupted.

In reality, there's a revolution going on in welfare all across the United States as the national caseload has dropped about 20 percent in the last 2 years. That's the biggest drop since the Korean war.

We're essentially in the Jet Age of welfare reform. What President Clinton has put forward here is instead a hot air balloon from the 18th century. It has nothing to do with reducing dependence and will have no effect other than possibly to reward those people who have gotten on welfare by giving them a Federal job that might otherwise have gone to someone else who has not been on welfare. Thank you.

Mr. MICA. Thank you Mr. Rector.

[The prepared statement of Mr. Rector follows:]

**Robert Rector
Senior Policy Analyst
The Heritage Foundation**

Introduction

If one wishes to "end welfare as we know it" it is best not to rely on the advice of those who built "welfare as we know it". Since first entering the White House, President Clinton has made bold pronouncements about ending welfare, but then has consistently staffed his administration with liberals who have spent decades building and defending the old welfare system. As a result of this paradox, the Clinton administration spent nearly two years during its first term developing a welfare bill, which the President himself later disavowed as soft and weak.

The President's recently announced "welfare to work" initiatives repeat this same pattern. Surrounded by dramatically successful reforms at the state level, the President has pulled out of moth balls ideas which were already outmoded and irrelevant a decade ago.

It is important to learn from success, not to copy the failures of the past. If one wishes to reduce welfare dependence, one should examine polices which have accomplished that goal.

The Wisconsin Miracle

Dramatic changes are now occurring in welfare. In the last two years, national AFDC caseloads have fallen by nearly 20 percent, the biggest drop since the Korea War. However, some states are far in the lead in their progress in reducing dependence. Wisconsin is the most notable.

In the ten years since he became governor, Tommy Thompson has reduced Wisconsin's AFDC caseload by 55 percent. In the rest of the nation, the AFDC caseload actually grew by some 14 percent over the same period.

Wisconsin's decline in welfare dependence is utterly unprecedented. In inner city Milwaukee, the number of AFDC cases has dropped 32 percent. In the rest of the state, the decline has been over 70 percent.

AFDC dependence has been virtually eliminated throughout much of the state. In 28 of Wisconsin's 78 counties, the caseload has dropped by 80 percent or more.

As more sophisticated reforms have been implemented, the decline in the welfare caseload has actually accelerated. Currently the AFDC caseload is falling by 2 percent per month in Milwaukee and 4 percent per month in the rest of the state. Overall, the state's caseload has dropped by nearly a third in the last year alone.

These changes are the most important single event in the 60 year history of AFDC. In order to understand their revolutionary implications one must realize that the welfare

establishment has argued that work requirements could cut AFDC caseloads by only 5 percent, at best, over three years. In Wisconsin the caseload is falling by more than that amount every two months.

Lessons Learned

Wisconsin's achievements are also being duplicated in Oregon which has reduced its AFDC caseload by more than a third in the last two years. Both Oregon and Wisconsin have very similar reform systems centered on requiring work. Examination of these states reveals six basic rules for reducing dependence.

1. Eliminate Unnecessary New Entries into Welfare A key idea of traditional charity was that welfare must have a gate-keeping mechanism which separates those who truly need aid from a much larger population who do not, but who are willing to take a free handout if one is offered them. Recognizing that the surest way to break the habit of dependence is to prevent it from being formed in the first place, Wisconsin has established a new program, *Self Sufficiency First* (SSF), with the goal of dissuading unnecessary new entries into AFDC. *Self Sufficiency First* gives counseling to new welfare applicants on the negative effects of dependence, offers short term aid (such as auto repairs) which may help to eliminate the individual's need to receive AFDC, and insists applicants must complete several weeks of supervised job search before their first welfare check is issued. Finally, applicants are advised that they will be required to work in exchange for benefits within a few weeks after entry into the AFDC program. The results are clear: since the implementation of SSF the number of new AFDC enrollments has been cut nearly in half. Oregon policies have a similar orientation and success.

2. De-emphasize education and training. In the past, most education and training programs did little to reduce dependence or to raise the effective hourly wage rate of trainees. For example, a recent study of the Job Training Partnership Act, funded by the U.S. Department of Labor, found that the program raised the average hourly wage rate of female trainees by 3.4 percent, while the hourly wages of males did not increase at all.¹ Consequently, Wisconsin and Oregon have stressed activities leading to immediate employment rather than education and training for recipients

3. Utilize mandatory community service workfare to reduce dependence Under the Wisconsin system most new enrollees are required to undertake a supervised job search immediately after enrolling in welfare. If the recipient fails to obtain private sector employment within a few weeks, most will be required to perform community service, working in exchange for ongoing AFDC benefits.

¹ Howard S. Bloom, Larry L. Orr, George Cave, Stephen H. Bell, and Fred Doolittle, "The National JTPA Study Overview: Title II-A Impacts on Earnings and Employment at 18 Months," A draft report to the U.S. Department of Labor, (Bethesda, Maryland: Abt Associates, 1993).

The real goal of this policy is to promote private sector employment. But requiring private sector employment is difficult because many recipients will claim they cannot find private sector jobs. If such "unsuccessful job seekers" are permitted to continue to receive AFDC benefits without work, the incentive for recipients to seek private sector employment is vastly diminished, and the effort to reduce dependence fails. However, requiring these individuals to perform community service work whenever a private sector job is not quickly found eliminates the option of obtaining a welfare income without work.

Once welfare benefits must be earned, the economic "utility" or attractiveness of welfare shrivels up and the number entering or remaining on AFDC shrinks dramatically. This lesson is critical. Until now, much of the political debate about reform has envisioned creating millions of make work jobs for welfare recipients. But Wisconsin and Oregon examples both show clearly that while mandatory community service work drives down the caseload, relatively few recipients will actually end up in community service positions. Instead the prospect of being forced to do community service work reduces new welfare enrollments and propels current recipients quickly into private sector employment.

4. Establish Pay for Performance The key to effective reform is in the details. In a typical state, AFDC recipients may be required to perform community service work but will receive only a fiscal slap on the wrist if the work is not done. In Wisconsin, all AFDC recipients are subject to a *Pay for Performance* (PFP) rule. If they fail to perform the specified number of hours of work or other activity, their AFDC and Food Stamps benefits are reduced pro rata. Thus, if the recipient is required to perform 30 hours of work, but completes only 15, welfare benefits are cut in half. Pay for Performance represents more than a new and more efficient method of sanctioning; it alters the basic structure of AFDC, requiring recipients to actively earn each dollar of benefits before they receive it. A similar policy exists in Oregon.

5. Link bureaucratic rewards and incentives to measured policy outcomes Wisconsin reformers realized that their new policies could easily be rendered ineffective through half hearted implementation by county welfare offices. They therefore created a series of incentives to guide and motivate the efforts of the county organizations. County offices were required to earn state funds through performance. Ultimately each county organization faced replacement by outside contractors if it failed to meet specific performance criteria. This performance incentive system has not only led to an extremely efficient implementation of reform, but has changed the ethos of the welfare bureaucracy. Throughout much of the state, welfare personnel are now enthusiastic about their new mission of enforcing self-reliance and diminishing dependence.

Reform Skeptics

Critics claim that the drop in caseload in Wisconsin is due to a "hot" economy. But the most robust state economy has never had a fraction of this impact on AFDC dependence. Moreover, if Wisconsin is compared to other states with lower levels of unemployment, one finds that none have had a large drop in dependence. Another liberal ploy is to claim that Thompson's reforms have raised welfare costs. This is also untrue. During Thompson's tenure aggregate welfare spending on AFDC benefits, administration, daycare, and training have fallen some 15 percent in nominal dollars, while nearly doubling in the rest of the nation. Adjusted for inflation, Wisconsin's total costs have fallen by more than a third.

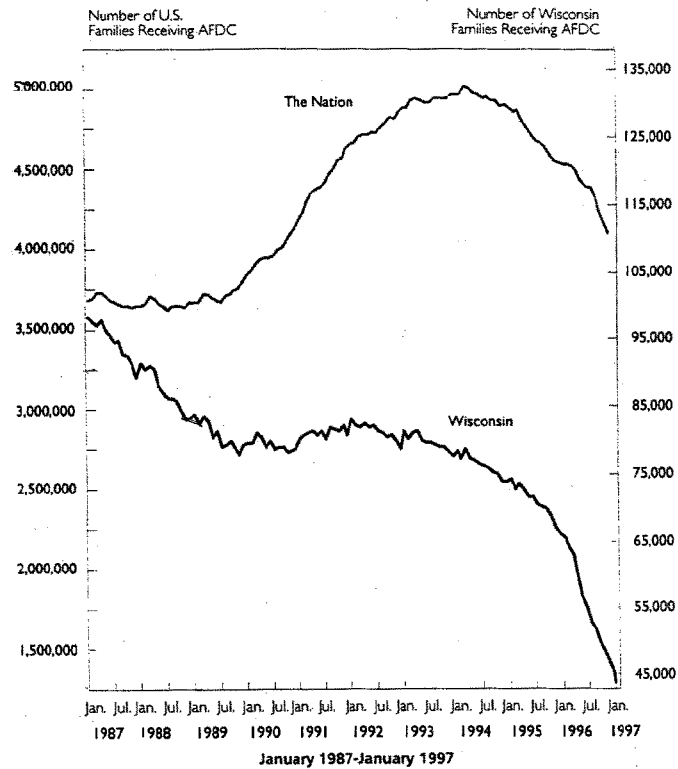
Conclusion

Reforms in Wisconsin and Oregon have accomplished what the welfare industry declares impossible. They have demolished many of the fables buttressing the welfare status quo such as.

- recipients really want to work but jobs are not available;
- lack of daycare and transportation make employment impossible;
- education and training are the key to reducing dependence;
- it costs more to reform than to continue the status quo;
- and sharp reductions in dependence will lead to serious economic deprivation.

Contrary to these myths, Wisconsin and Oregon have both shown that AFDC dependence can be overcome. The greatest benefit from this will go to the children. In the past, liberals have been mesmerized by the belief that "poverty" somehow harms children and that welfare, by allegedly combating poverty, is therefore good for kids. This has made them timid, if not outright adversarial, in their attitude toward serious efforts to reduce welfare dependence. But studies which compare children on welfare with poor children not on welfare show that it is actually welfare dependence, not poverty, which harms children. Being raised on welfare lowers children's IQ's, increases school failure, and diminishes a child's future earnings as an adult. Welfare is a system of child abuse; by radically reducing dependence, reforms will improve the future well being of children.

AFDC Families: Wisconsin vs. The Nation



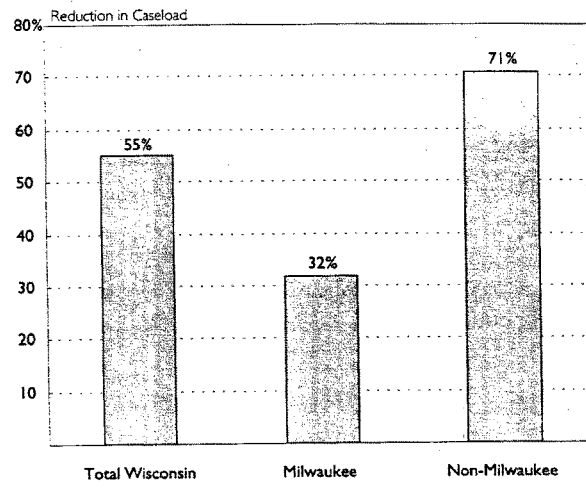
Source: U.S. Department of Health and Human Services

Document

Document 1

2

**Wisconsin Reduction of AFDC Caseload
January 1987- January 1997**

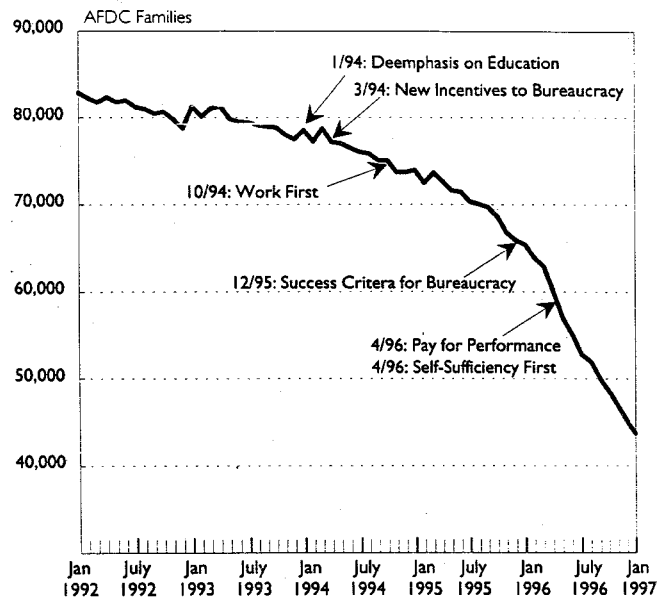


Document 2

**AFDC Reduction in Wisconsin's Counties
January 1987- January 1997**

Rank	Counties	Change in Caseload	Rank	Counties	Change in Caseload
1	MARQUETTE	-91%	39	TAYLOR	-77%
2	CRAWFORD	-90%	40	FLORENCE	-77%
3	CLARK	-88%	41	VILAS	-77%
4	LAFAYETTE	-88%	42	SHAWANO	-76%
5	GRANT	-86%	43	FOND DU LAC	-76%
6	GREEN LAKE	-85%	44	OUTAGAMIE	-76%
7	BARRON	-85%	45	WINNEBAGO	-76%
8	POLK	-84%	46	SAUK	-76%
9	PIERCE	-84%	47	ONEIDA	-75%
10	BAYFIELD	-84%	48	WALWORTH	-75%
11	CALUMET	-84%	49	FOREST	-75%
12	GREEN	-84%	50	DODGE	-74%
13	VERNON	-83%	51	MARINETTE	-74%
14	JACKSON	-83%	52	WOOD	-73%
15	COLUMBIA	-83%	53	DOOR	-72%
16	PEPIN	-83%	54	ASHLAND	-72%
17	WAUSHARA	-83%	55	WASHINGTON	-72%
18	LINCOLN	-82%	56	MONROE	-71%
19	JEFFERSON	-82%	57	EAU CLAIRE	-70%
20	IRON	-82%	58	ROCK	-70%
21	ST. CROIX	-81%	59	PRICE	-69%
22	RICHLAND	-81%	60	DOUGLAS	-68%
23	MANITOWOC	-81%	61	LA CROSSE	-68%
24	CHIPPEWA	-80%	62	BROWN	-66%
25	BURNETT	-80%	63	DUNN	-66%
26	KEWAUNEE	-80%	64	ADAMS	-63%
27	OZAUKEE	-80%	65	MARATHON	-63%
28	LANGLADE	-80%	66	WAUKESHA	-62%
29	WAUPACA	-79%	67	ONEIDA	-62%
30	JUNEAU	-79%	68	RACINE	-61%
31	WASHBURN	-79%	69	SAWYER	-61%
32	RUSK	-78%	70	STOCKBRIDGE	-60%
33	TREMPEALEAU	-78%	71	KENOSHA	-59%
34	OCONTO	-78%	72	MENOMINEE	-57%
35	SHEBOYGAN	-78%	73	LAC DU FLMB	-55%
36	BUFFALO	-77%	74	BAD RIVER	-43%
37	IOWA	-77%	75	DANE	-42%
38	PORTAGE	-77%	76	MILWAUKEE	-32%
			77	REDCLIFF	-12%

Wisconsin's Reforms and Caseload Decline
January 1992- January 1997



Wisconsin AFDC and Related Costs
(in millions of current dollars)

Programs	1986	1995
AFDC Benefits	592.6	384.4
AFDC Administration	17.2	85.6
Emergency Aid	1.6	3.3
JOB5		27.8
Daycare		
IVA and TTC		15.2
At-Risk		5.7
Child Care Block Grant		14
Total	611.4	536

Source: Ways and Means, Green Book.

Document 6

8

**AFDC Caseloads: Change in Number of Families in 50 States and D.C.
(Rank By Change in Caseload)**

Rank	6 Months June 1996- December 1996		12 Months December 1995- December 1996		24 Months December 1994- December 1996		36 Months December 1993- December 1996	
1	Oregon	-18.4%	Wisconsin	-31.5%	Wisconsin	-38.8%	Wisconsin	-41.7%
2	Wisconsin	-18.1%	Oregon	-26.5%	Indiana	-34.9%	Indiana	-39.5%
3	Tennessee	-14.7%	Maryland	-20.8%	Maryland	-34.9%	Oregon	-38.4%
4	South Carolina	-13.7%	South Carolina	-20.6%	Oregon	-34.9%	Maryland	-32.6%
5	Montana	-12.4%	Nevada	-19.0%	Oklahoma	-27.1%	Massachusetts	-30.9%
6	Alabama	-12.0%	Oklahoma	-18.6%	Massachusetts	-25.8%	Wyoming	-30.0%
7	Maryland	-11.9%	Montana	-17.8%	Tennessee	-25.7%	Louisiana	-29.9%
8	Indiana	-11.6%	Wyoming	-17.0%	South Carolina	-24.8%	Michigan	-29.8%
9	Nevada	-11.6%	Arizona	-16.3%	Wyoming	-24.6%	Tennessee	-29.4%
10	New Hampshire	-11.0%	Kansas	-15.4%	Louisiana	-24.5%	Alabama	-29.1%
11	Mississippi	-10.6%	Indiana	-14.8%	New Hampshire	-24.4%	Oklahoma	-28.9%
12	North Dakota	-10.4%	Tennessee	-14.6%	Alabama	-24.2%	South Carolina	-28.0%
13	South Dakota	-10.1%	Virginia	-14.5%	Utah	-24.1%	North Dakota	-27.3%
14	Kansas	-9.8%	Florida	-14.4%	Michigan	-24.1%	Kansas	-27.2%
15	Virginia	-9.8%	Louisiana	-14.4%	Kansas	-24.0%	Utah	-27.1%
16	Wyoming	-9.6%	Texas	-13.9%	Virginia	-23.1%	Mississippi	-27.0%
17	Oklahoma	-8.6%	New Hampshire	-13.7%	Iowa	-22.0%	Florida	-26.7%
18	Michigan	-8.6%	Georgia	-13.7%	Florida	-21.8%	Colorado	-26.4%
19	Utah	-8.5%	Utah	-13.4%	Mississippi	-21.2%	New Hampshire	-24.5%
20	Idaho	-8.3%	South Dakota	-13.0%	Montana	-21.1%	South Dakota	-24.1%
21	Florida	-8.2%	Michigan	-12.7%	Texas	-20.6%	Iowa	-24.1%
22	New Mexico	-8.0%	Mississippi	-12.4%	Colorado	-20.0%	Virginia	-23.4%
23	Louisiana	-7.8%	Iowa	-12.3%	North Carolina	-19.5%	Montana	-22.8%
24	Georgia	-7.7%	Idaho	-12.3%	Nevada	-19.3%	Ohio	-22.3%
25	Maine	-7.6%	Massachusetts	-11.8%	Arizona	-19.3%	North Carolina	-21.2%
26	Colorado	-7.5%	Colorado	-11.3%	South Dakota	-18.6%	Texas	-20.7%
27	Pennsylvania	-7.2%	Pennsylvania	-10.6%	Georgia	-17.7%	Arizona	-19.9%
28	Iowa	-6.8%	North Dakota	-10.4%	Pennsylvania	-17.6%	Georgia	-17.7%
29	Vermont	-6.6%	North Carolina	-10.4%	North Dakota	-17.3%	Maine	-17.7%
30	Texas	-6.5%	New Mexico	-10.2%	Ohio	-17.0%	Arkansas	-17.6%
31	New Jersey	-6.3%	Arizona	-9.9%	Missouri	-16.9%	Missouri	-17.3%
32	Alaska	-6.2%	Missouri	-9.7%	New Jersey	-14.2%	Pennsylvania	-17.2%
33	New York	-6.2%	New Jersey	-9.3%	New York	-13.9%	Nebraska	-16.8%
34	Illinois	-6.1%	New York	-9.2%	Arkansas	-13.8%	Kentucky	-15.7%
35	North Carolina	-6.1%	Illinois	-8.1%	Maine	-13.5%	New Jersey	-14.4%
36	Massachusetts	-6.1%	Vermont	-7.6%	Vermont	-13.4%	Vermont	-12.9%
37	Minnesota	-5.3%	Ohio	-7.2%	Illinois	-13.4%	Minnesota	-12.6%
38	Arizona	-5.3%	Maine	-7.1%	Kentucky	-12.1%	Illinois	-12.1%
39	Missouri	-5.1%	Rhode Island	-6.2%	New Mexico	-12.1%	Delaware	-12.0%
40	California	-4.5%	California	-6.2%	Rhode Island	-12.0%	West Virginia	-11.8%
41	Kentucky	-4.4%	Arkansas	-6.1%	Nebraska	-10.6%	Rhode Island	-11.3%
42	Washington	-4.4%	Nebraska	-4.8%	Delaware	-9.3%	New York	-9.8%
43	Nebraska	-4.1%	Kentucky	-4.5%	Dist. of Col.	-8.9%	Nevada	-9.8%
44	Rhode Island	-3.9%	Connecticut	-4.2%	Idaho	-8.9%	Dist. of Col.	-7.8%
45	Arkansas	-3.1%	Dist. of Col.	-4.0%	West Virginia	-8.7%	New Mexico	-7.0%
46	Hawaii	-2.1%	Washington	-3.9%	California	-8.4%	Washington	-5.7%
47	Dist. of Col.	-2.1%	Hawaii	-2.6%	Connecticut	-7.6%	California	-4.7%
48	Connecticut	-1.3%	Delaware	-1.2%	Washington	-7.3%	Alaska	-4.6%
49	Delaware	-1.2%	West Virginia	-0.8%	Minnesota	-4.1%	Idaho	-2.9%
50	Ohio	-1.2%	Minnesota	2.6%	Alaska	-3.7%	Connecticut	8.4%
51	West Virginia	3.4%	Alaska	3.6%	Hawaii	0.2%	Hawaii	-18.0%
	U.S.	-7.7%	U.S.	-10.2%	U.S.	-16.9%	U.S.	-18.0%

Source: Department of Health and Human Services.

Document 6

Document 7

**AFDC Caseloads: Change in Number of Families in 50 States and D.C.
(Alphabetical Listing)**

6 Months June 1996- December 1996		12 Months December 1995- December 1996		24 Months December 1994- December 1996		36 Months December 1993- December 1996	
Alabama	-12.0%	Alabama	-16.3%	Alabama	-24.2%	Alabama	-29.1%
Alaska	-6.2%	Alaska	3.6%	Alaska	-3.7%	Alaska	-4.7%
Arizona	-5.3%	Arizona	-9.9%	Arizona	-19.3%	Arizona	-19.9%
Arkansas	-3.1%	Arkansas	-6.1%	Arkansas	-13.8%	Arkansas	-17.6%
California	-4.5%	California	-6.2%	California	-8.4%	California	-5.7%
Colorado	-7.5%	Colorado	-11.3%	Colorado	-20.0%	Colorado	-26.4%
Connecticut	-1.3%	Connecticut	-4.2%	Connecticut	-7.6%	Connecticut	-2.9%
Delaware	-1.2%	Delaware	-1.2%	Delaware	-9.3%	Delaware	-12.1%
Dist. of Col.	-2.1%	Dist. of Col.	-4.0%	Dist. of Col.	-8.9%	Dist. of Col.	-7.8%
Florida	-8.2%	Florida	-14.4%	Florida	-21.8%	Florida	-26.7%
Georgia	-7.7%	Georgia	-13.7%	Georgia	-17.7%	Georgia	-17.7%
Hawaii	-2.1%	Hawaii	-2.6%	Hawaii	0.2%	Hawaii	8.4%
Idaho	-8.3%	Idaho	-12.3%	Idaho	-8.9%	Idaho	-4.6%
Illinois	-6.1%	Illinois	-8.1%	Illinois	-13.4%	Illinois	-12.6%
Indiana	-11.6%	Indiana	-14.8%	Indiana	-34.9%	Indiana	-39.5%
Iowa	-6.8%	Iowa	-12.3%	Iowa	-22.0%	Iowa	-24.1%
Kansas	-9.8%	Kansas	-15.4%	Kansas	-24.0%	Kansas	-27.2%
Kentucky	-4.4%	Kentucky	-4.5%	Kentucky	-12.1%	Kentucky	-15.7%
Louisiana	-7.8%	Louisiana	-14.4%	Louisiana	-24.5%	Louisiana	-29.9%
Maine	-7.6%	Maine	-7.1%	Maine	-13.5%	Maine	-17.7%
Maryland	-11.9%	Maryland	-20.8%	Maryland	-34.9%	Maryland	-32.6%
Massachusetts	-6.1%	Massachusetts	-11.8%	Massachusetts	-25.8%	Massachusetts	-30.9%
Michigan	-8.6%	Michigan	-12.7%	Michigan	-24.1%	Michigan	-29.8%
Minnesota	-5.3%	Minnesota	2.6%	Minnesota	-4.1%	Minnesota	-12.9%
Mississippi	-10.6%	Mississippi	-12.4%	Mississippi	-21.2%	Mississippi	-27.0%
Missouri	-5.1%	Missouri	-9.7%	Missouri	-16.9%	Missouri	-17.3%
Montana	-12.4%	Montana	-17.8%	Montana	-21.1%	Montana	-22.8%
Nebraska	-4.1%	Nebraska	-4.8%	Nebraska	-10.6%	Nebraska	-16.8%
Nevada	-11.6%	Nevada	-19.0%	Nevada	-19.3%	Nevada	-9.8%
New Hampshire	-11.0%	New Hampshire	-13.7%	New Hampshire	-24.4%	New Hampshire	-25.8%
New Jersey	-6.3%	New Jersey	-9.3%	New Jersey	-14.2%	New Jersey	-15.7%
New Mexico	-8.0%	New Mexico	-10.2%	New Mexico	-12.1%	New Mexico	-7.5%
New York	-6.2%	New York	-9.2%	New York	-13.9%	New York	-11.3%
North Carolina	-6.1%	North Carolina	-10.4%	North Carolina	-19.5%	North Carolina	-21.2%
North Dakota	-10.4%	North Dakota	-10.4%	North Dakota	-17.3%	North Dakota	-27.3%
Ohio	-1.2%	Ohio	-7.2%	Ohio	-17.0%	Ohio	-22.3%
Oklahoma	-8.6%	Oklahoma	-18.6%	Oklahoma	-27.1%	Oklahoma	-28.9%
Oregon	-18.4%	Oregon	-26.5%	Oregon	-34.9%	Oregon	-38.4%
Pennsylvania	-7.2%	Pennsylvania	-10.6%	Pennsylvania	-17.6%	Pennsylvania	-17.2%
Rhode Island	-3.9%	Rhode Island	-6.2%	Rhode Island	-12.0%	Rhode Island	-11.8%
South Carolina	-13.7%	South Carolina	-20.6%	South Carolina	-24.8%	South Carolina	-28.0%
South Dakota	-10.1%	South Dakota	-13.0%	South Dakota	-18.6%	South Dakota	-24.5%
Tennessee	-14.7%	Tennessee	-14.6%	Tennessee	-25.7%	Tennessee	-29.4%
Texas	-6.5%	Texas	-13.9%	Texas	-20.6%	Texas	-20.7%
Utah	-8.5%	Utah	-13.4%	Utah	-24.1%	Utah	-27.1%
Vermont	-6.6%	Vermont	-7.6%	Vermont	-13.4%	Vermont	-14.4%
Virginia	-9.8%	Virginia	-14.5%	Virginia	-23.1%	Virginia	-23.4%
Washington	-4.4%	Washington	-3.9%	Washington	-7.3%	Washington	-7.0%
West Virginia	3.4%	West Virginia	-0.8%	West Virginia	-8.7%	West Virginia	-12.0%
Wisconsin	-18.1%	Wisconsin	-31.5%	Wisconsin	-38.8%	Wisconsin	-41.7%
Wyoming	-9.6%	Wyoming	-17.0%	Wyoming	-24.6%	Wyoming	-30.0%
U.S.	-7.7%	U.S.	-10.2%	U.S.	-16.9%	U.S.	-18.0%

Source: Department of Health and Human Services

Document 7

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Wisconsin's Welfare Miracle

By Robert Rector

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Wisconsin's Welfare Miracle

By Robert Rector

Everyone wants—or professes to want—to “end welfare as we know it.” Despite such lofty proclamations, welfare is still thriving. Last year, federal and state governments spent \$411 billion on means-tested welfare programs that provide cash, food, housing, medical care, and social services to poor and low-income Americans. This greatly exceeded the \$324 billion spent in 1993, the first year of the Clinton presidency.

At the core of America's vast, dysfunctional welfare system is Aid to Families with Dependent Children (AFDC). At present, nearly one out of seven children in the United States receives AFDC, residing with a mother married to a welfare check rather than a working husband. The typical family now on AFDC will spend nearly 13 years in the program.

“Ending welfare” must begin with reform of AFDC. Congress enacted major new legislation last summer that will start this process. The new law promises three major changes. First, it eliminates the entitlement system of AFDC funding, under which states that increased their AFDC caseloads received automatic increases in federal funding, while states that reduced dependence faced a fiscal penalty.

Second, the new law establishes performance standards that will require each state to reduce its AFDC caseload, or at least, if the caseload does not decline, require some recipients to

work in return for their benefits.

Third, the law sets a new goal of reducing illegitimacy and will reward states that reduce out-of-wedlock births without increasing the number of abortions.

Although the new federal legislation sets the proper framework for reform among the states, the liberal welfare establishment and its allies in the media incessantly warn that reform will prove to be difficult, if not impossible. But one state has already proven the naysayers wrong: Wisconsin. Wisconsin's experience with welfare reform provides an unparalleled model for implementing reform that other states would be wise to follow.

In the last 10 years, while AFDC caseloads in the rest of the nation were rising steeply, the caseload in Wisconsin has dropped by half. In inner-city Milwaukee, the caseload has fallen by 25 percent, but in the rest of the state, caseloads have fallen by nearly 70 percent. In 28 of Wisconsin's 77 counties, the welfare rolls have already dropped by 80 percent or more.

And if all this weren't remarkable enough, the pace of Wisconsin's reduction in welfare dependency is accelerating. In Milwaukee, the AFDC caseload is now shrinking 2 percent per month; in the rest of the state, 5 percent. Wis-

In the last 10 years, while national welfare caseloads were rising rapidly, Wisconsin's fell by half.

consin's achievements are utterly unprecedented in the history of AFDC. Liberal welfare experts used to insist that a successful work program might reduce welfare caseloads by 5 percent over five years; in much of Wisconsin, the number of people on welfare is steadily falling by that amount every 30 days.

Wisconsin has thus won more than half the battle against AFDC dependence and is proceeding with the other half with breathtaking speed. This victory is crucial, since welfare dependency severely hampers the healthy development of children. In the long term, the greatest beneficiaries of Wisconsin's dramatic achievements in reforming welfare will be the children themselves.

The Road Less Traveled

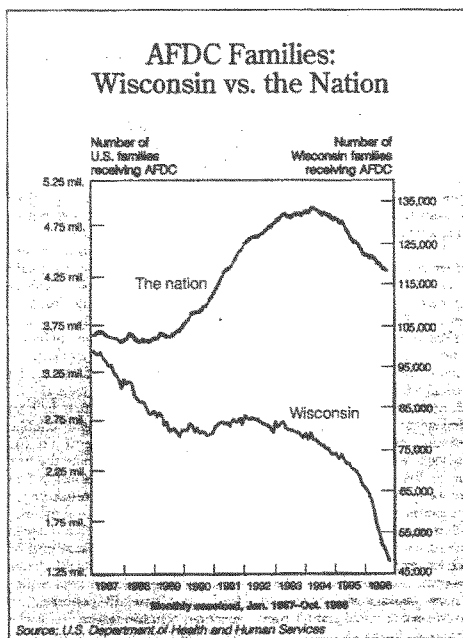
This remarkable story begins in 1987, when a major congressional debate on welfare culminated in the Family Support Act (FSA). Touted as yet another "end of welfare," the FSA was a complete bust. The Act did, however, generate the expectation among voters that welfare recipients would be required to work. In the same year, a second unheralded event occurred with far greater significance for the future of welfare: Tommy Thompson took office as governor of Wisconsin.

Following a gubernatorial campaign largely about welfare, Thompson entered office with a firm commitment to reform. The chart at right tells the rest of the story. Despite the rhetorical promises of the Family Support Act, the nationwide AFDC caseload remained constant in the late 1980s and then grew by more than a third between 1990 and 1994. The nationwide caseload has eased downward over the last two years, but the majority of states still suffer higher levels of welfare dependency than before the Family Support Act became law.

Wisconsin has been the only clear exception to this pattern. Upon taking of-

fice, Thompson initiated a series of reforms that cut welfare dependency during the late 1980s and blocked any resurgence during the 1990-93 recession. Starting in 1994, a second round of more sophisticated work-related reforms has caused the caseload to nosedive further. But the raw figures understate Thompson's achievements. As noted, welfare rolls across the country ballooned by some 35 percent during the early 1990s. There is every reason to believe that, without Thompson's reforms, Wisconsin would have followed this national trend. If it had, its AFDC caseload would have surged from around 100,000 recipients in 1987 to a peak of 135,000 in 1993. It is reasonable to conclude that Thompson has not merely cut his state's caseload in half (from 98,295 recipients to 48,451) but has reduced it by some two-thirds relative to the potential peak in dependence that Wisconsin would have experienced in the early 1990s in the absence of reform.

Many states brag about their recent declines



in welfare dependency. In the past 24 months, for example, Indiana has cut its caseload by 32 percent, Oregon by 30 percent, Maryland by 29 percent, Massachusetts by 25 percent, Oklahoma by 24 percent, and Michigan by 22 percent. But, in almost every case, these successes merely represent a pruning back of the explosive surge in welfare dependency of the early 1990s. In reality, other reforming states lag a half-decade behind Wisconsin; they are only now engaging in the initial stages of dependency reduction that Wisconsin accomplished in the late 1980s. We might say that the reforms in most states have merely blown the foam off the top of the beer mug, while Wisconsin has already drained the mug halfway to the bottom.

Having cut its caseload in half, Wisconsin's reformers are now grappling with a more difficult, less employable group of welfare recipients. Skeptics argued that after Wisconsin weaned the most employable recipients off the rolls in the early stages, the decline in the caseload would slow and then stop. Yet the opposite has occurred. As new reforms have been implemented over the last three years, the decline has accelerated sharply. Wisconsin continues to reduce dependency at a rate surpassing all other states.

Reform Initiatives

The general thrust of welfare reform in the Thompson administration has been to require reasonable behavior by recipients as a condition of receiving aid. An early example was *Learnfare*. Enacted in 1987, the *Learnfare* program required welfare recipients to ensure that their school-age children attended school regularly, and reduced welfare payments to families with truant children. Although *Learnfare* did not reduce the AFDC rolls directly, it did have a symbolic importance, sending a clear message to both the bureaucracy and the welfare clientele that, for the first time, the government seriously intended to demand constructive behavior of welfare recipients and to sanction those who were derelict.

The centerpiece of reform, however, was the requirement that a growing share of those on the AFDC rolls engage in employment-related activities such as training and tightly supervised job search. By the 1990s, many Wisconsin counties were operating sophisticated systems aimed at pushing welfare recipients quickly into the labor market. For example, a particularly effective program in Sheboygan County required most AFDC recipients to undertake closely supervised job search immediately after applying for benefits. Individuals who failed to find employment within a few weeks were required to perform community-service work until they could find a private-sector job.

The Path from Dependency

Thirty-three-year-old Coleen Clancy of Milwaukee, Wisconsin, had been on and off of welfare since 1982. She began to break the cycle of dependency in 1995, when she signed a "self-sufficiency contract" with the Planning Council of Milwaukee. In it she pledged to leave welfare within five years. She currently holds two jobs, one at a school cafeteria and the other as a bus driver, and no longer receives welfare benefits.



Clancy at work

A working mother who supports two children, ages 9 and 12, Clancy says she benefited from assertiveness and goal-setting seminars that were offered at a local YMCA. She believes that the federal welfare system did not offer her an incentive to improve, and attributes her success to her faith in God and the support of her own community.

Beginning in 1994, Thompson's staff initiated a more sophisticated and successful round of reforms. His administration instructed county welfare directors to de-emphasize education and job training in the classroom and to concentrate on activities leading to immediate work. The state created new incentives to guide the welfare bureaucracies: Counties would no longer be simply allocated work, training, and day-care funds but would be required to earn those funds by increasing the number of recipients placed in jobs or community-service work.

The governor's staff also understood that many applicants entering the welfare system had other options. The easiest way to break this group of the debilitating habit of dependency was to prevent it from forming in the first place, by reducing the number of new AFDC enrollments. The state began a pilot program based on this principle in 18 counties in 1994 (gradually expanded to cover 60 by early 1996). The program, *Work First*, provided new applicants with counseling on the negative effects of dependence, offered short-term aid (such as car repairs) that might eliminate the need to enroll in AFDC, and required most new applicants to begin working in private-sector jobs or community-service jobs almost immediately after enrolling in welfare. (Once a recipient starts a full-time job in the private sector, AFDC benefits are eliminated; however, AFDC benefits generally continue at a reduced level while the recipient works part time. By contrast, a recipient performing community-service work continues to receive full AFDC payments but must work for

Photo by Gary Porter / Milwaukee Journal Sentinel

the benefits obtained.)

Another pilot program called *Work Not Welfare* (WNW) began in January 1995 in two counties, Fond du Lac and Pierce. WNW placed an absolute time limit of 24 months on receiving AFDC. Although this program obviously had no direct impact on dependency in most of the state, it did send a strong symbolic message to welfare recipients: Long-term dependence would no longer be tolerated. (Still, caseloads in those two counties have fallen only slightly more rapidly than in most other counties.)

In December 1995, the governor's staff instituted a radical new system for rewarding good performance in county welfare offices. The new system employed competitive bidding for the management of each county's welfare system. Governmental or private organizations currently running AFDC in each county were thus threatened with competition and could be replaced by outside organizations. The current welfare organizations, however, could escape the competitive bidding process if they fulfilled new performance criteria specified by the state. Chief among these criteria was a requirement that each county reduce its AFDC caseload by roughly 15 to 25 percent (requirements varied by county) over the subsequent 12 months.

Decisive New Policies

In April 1996, Wisconsin unveiled two more decisive reforms. *Work First* (renamed *Self-Sufficiency First*) went into effect in all counties including Milwaukee, and a new *Pay for Performance* (PFP) system was implemented statewide. For decades politicians have talked about making welfare recipients work while creating regulations that made this impossible. With *Pay for Performance*, Wisconsin closed the loopholes, creating for the first time a real work requirement for

Critically, the PFP principle was also applied to other constructive activities such as class attendance or supervised job search.

PFP effectively eliminated the freedom of most Wisconsin AFDC recipients to receive welfare without working. Caseloads, already in rapid decline, began to plummet. In the first seven months after the implementation of *Pay for Performance* and *Self-Sufficiency First*, the AFDC caseload dropped 14 percent in Milwaukee and 33 percent in the rest of the state. If the trends continue, the welfare rolls statewide will drop by an additional one-third over the next 12 months.

Reform Skeptics

Apologists for big welfare have naturally sought some pretext for ignoring or trivializing Wisconsin's achievement. The most common ploy is to attribute the decline in AFDC caseload to a "good economy." Although Wisconsin has enjoyed low unemployment and healthy growth in jobs, it is ridiculous to claim that this has brought about a dramatic reduction in caseload. After all, over the past 40 years states have often experienced robust economic growth without any significant drop in the welfare rolls, let alone a drop of 50 percent.

The limited role of economics in Thompson's victory over dependence can be seen by comparing Wisconsin with the 13 states that have experienced lower levels of unemployment than Wisconsin over the past decade. In these states, the welfare rolls, on average, actually increased by some 20 percent. None produced a substantial decline in welfare caseloads. Although a robust economy has undoubtedly helped Wisconsin to reduce welfare dependency, it is far from the principal cause.

Another common dodge of the skeptics is to claim that reform has raised welfare costs. This charge is no surprise; defenders of the status quo have always claimed that taxpayers must "invest" more funds in order to "end welfare." But Wisconsin's reforms did not result in increased spending in either the short or long term. Although the state has increased its outlays on welfare administration, job training, and day care, these expenditures have been more than offset by the rapidly shrinking caseload. Wisconsin spends more per family on welfare now than in 1987, but it has half the number of families on welfare. The greatest expenditure increase has been for welfare administration; although day-care costs have also increased modestly, they still constitute only 6 percent of the total. Today Wisconsin's aggregate spending on AFDC benefits, administration, training, and day care, in current dollars, is some 5 to 10 percent lower than in 1986, the last year before Thompson became

Although Wisconsin now spends more per welfare family than in the 1980s, total welfare costs have fallen by a third.

AFDC recipients. Prior to PFP, a recipient who failed to obtain a private-sector job might be required to perform community service. If the recipient failed to actually perform this service work, however, the state could only cut AFDC benefits slightly. Under PFP, a recipient would see his welfare check reduced in direct proportion to the number of hours of community work he fails to perform. An individual who performs no work would receive no AFDC or food stamps.

governor. But in the rest of the nation, similar expenditures have nearly doubled in the same period. Clearly, Wisconsin's reforms have produced huge de facto savings, not higher costs. In inflation-adjusted terms, Wisconsin's spending is actually down by a third since 1986.

Lessons Learned

The Wisconsin experience provides a cornucopia of lessons for the rest of the nation. In reforming welfare, Wisconsin has rediscovered a philanthropic philosophy once ubiquitous in American charities, but largely abandoned over the past 40 years. This philosophy regards dependence and idleness as harmful to the welfare recipient and insists that he perform useful labor in exchange for benefits he receives.

Thus a serious work requirement provides not only a sound moral foundation, but also performs a crucial gatekeeping function. A key problem for rational charity is separating those who truly need aid from those who do not but are willing to take a free handout if one is offered. Work requirements serve that purpose. For example, in the 19th century, religious organizations throughout the United States provided

Wisconsin was the first state in the nation to institute a genuine work requirement for welfare recipients.

food and shelter to persons who would today be called "homeless." Before providing a free meal and a bed, however, the shelter would require the man seeking aid to perform some useful chore such as chopping firewood. Charity workers had discovered that such a requirement greatly reduced the numbers seeking aid. This "work test" winnowed out those who did not need aid and allowed the philanthropists to focus limited resources on the truly needy.

With one out of seven children enrolled in AFDC, the current system is so large that serious reform will be impossible. The initial task in transforming welfare is to shrink the AFDC caseload to manageable proportions. Culling those who do not truly need aid from the welfare rolls will allow the system to focus its efforts on those who have the most difficulty becoming self-sufficient, and will free up resources and energy needed to deal with the underlying problems, such as educational failure and illegitimacy, that promote future dependence.

Wisconsin's example provides nine clear rules on how to sharply reduce dependency:

1. **Set the right goal.** If the ultimate aim of reform is to reduce dependence, the official goal must be to reduce the welfare caseload. A large drop in caseload entails dramatic administrative change and threatens the financial self-interest of the welfare industry. Ingenious welfare bureaucrats will thus propose other performance criteria that allow them to claim success in reducing dependence while caseloads continue to rise. Such ersatz benchmarks generally include: the length of time spent on welfare; the number of recipients in training, part-time employment, or make-work jobs; or the number who leave welfare. Decisionmakers should not be fooled: It is the size of the caseload that matters.

2. **Focus on the size of the caseload, not welfare exits.** Measuring the number of recipients who leave welfare—or "exits"—is misleading. Large numbers of "exits" from welfare will occur even when welfare caseloads are rising. States with liberal welfare systems may have larger numbers of exits because they encourage highly employable persons to enroll in welfare. By contrast, a serious work requirement may actually reduce welfare exits since it will discourage the most employable persons from enrolling in welfare in the first place.

3. **Avoid education and training.** Government training and remedial education programs in general do not increase recipients' wage rates and do little to reduce dependence. A recent Labor Department study of the government's largest training program, the Job Training Partnership Act (JTPA), found that the program had little or no effect on the wages of trainees: The average hourly wage rate of female trainees rose 3.4 percent, while the hourly wages of males did not increase at all.

4. **Use work requirements to reduce welfare applications.** The most important effect of a work requirement is to reduce dramatically the number of persons who apply for welfare. This is called the "dissuasion" effect of work requirements. By operating programs such as Self-Sufficiency First and by requiring most new applicants to find private-sector employment or perform community-service work shortly after enrolling in welfare, Wisconsin has cut the number of new AFDC entrants almost in half over the last two years.

5. **Require continuous activity.** In the private sector, employees are expected to work continuously, not intermittently. This principle must be duplicated in welfare. Once a recipient begins supervised job search, training, or work, some activity should be required without interruption or lessened intensity until the recipient leaves AFDC. In order to reduce welfare recidivism, the work obligation should resume as soon as a for-

mer welfare recipient returns to the AFDC rolls.

6. Establish a pay-after-performance benefits system. Welfare should be based on "pay-after-performance": Recipients will not receive the welfare check until after they have performed work or other required activity. If they fail to perform the required number of hours of activity, the welfare check must be reduced on a pro-rata basis.

7. Use community-service "workfare" as an enforcement mechanism. Upon applying for welfare, employable recipients should be required to begin a supervised search for employment. If they have not found a private-sector job within six weeks, they should be required to perform community-service work. Of course, the real goal of reform is to see that recipients obtain private-sector employment, not to push them into make-work jobs. But in a conventional welfare system, large numbers of recipients will claim they cannot find private-sector jobs. If such "unsuccessful job seekers" are permitted to remain idly on the rolls, reform will fail. Instead, all individuals who fail to obtain private-sector jobs should be placed immediately in community service slots on a pay-for-performance basis.

This effectively eliminates any recipient's chance of receiving a welfare income without working, and pushes recipients into private-sector jobs while dissuading other individuals from entering welfare. Mandatory community service is thus the crucial backstop to a serious work requirement. Of course, this does not mean that large numbers of recipients will end up in make-work community service. In Wisconsin few do, but the threat of community work is the key to propelling recipients into the private sector.

8. Impose work requirements on the most employable recipients first. The initial goal of welfare reform should be to restrict welfare to those who truly need it and to eliminate from the rolls those who do not. In order to accomplish this goal and to shrink welfare caseloads, work requirements should be focused on the most employable welfare recipients first. These would include two-parent families (10 percent of the caseload in a typical state) and mothers who do not have preschool children (typically 50 percent).

This strategy may seem counterintuitive, but it is essential to reducing dependence. The number of crucial community-service work slots (where the recipient is required to work for benefits) in the first phases of reform will be quite small in relation to the overall caseload. If the least employable recipients occupy these slots, they will remain there for long periods, clogging up the system. When highly employable recipients, by contrast, are faced with the prospect of

Wisconsin Leads the Nation

Change in number of families receiving Aid to Families with Dependent Children, January 1987 through September 1996, by state.

Rank	State	Jan. 1987	Sep. 1996	Change in Caseload
1.	Wisconsin	98,295	49,930	-49.2%
2.	Michigan	214,273	187,210	-22.0%
3.	Iowa	39,697	31,010	-21.9%
4.	Louisiana	85,047	66,540	-21.8%
5.	Mississippi	57,082	44,840	-21.4%
6.	Alabama	47,817	40,640	-15.0%
7.	South Dakota	6,620	5,670	-14.4%
8.	Nebraska	16,246	13,960	-14.1%
9.	Maryland	66,248	57,130	-13.8%
10.	Ohio	227,036	201,960	-11.0%
11.	Illinois	240,764	217,130	-9.8%
12.	New Jersey	117,694	106,500	-9.5%
13.	North Dakota	5,069	4,660	-8.1%
14.	Kansas	25,256	23,390	-7.4%
15.	Indiana	53,156	49,500	-6.9%
16.	Massachusetts	87,195	81,290	-6.8%
17.	South Carolina	45,640	42,640	-6.6%
18.	Wyoming	4,640	4,340	-6.5%
19.	Oregon	30,368	28,530	-6.1%
20.	Pennsylvania	187,946	173,880	-4.3%
21.	Arkansas	22,787	22,060	-3.2%
22.	Montana	9,410	9,490	0.9%
23.	Maine	19,329	19,700	1.9%
24.	Utah	13,720	14,030	2.3%
25.	West Virginia	36,485	37,470	2.7%
26.	Minnesota	54,680	57,150	4.5%
27.	Virginia	56,751	60,940	8.3%
28.	Idaho	32,853	35,230	7.9%
29.	Colorado	31,079	33,590	8.0%
30.	Delaware	3,678	3,990	8.5%
31.	New York	358,083	412,720	15.3%
32.	Missouri	67,690	78,960	16.7%
33.	Kentucky	59,579	69,840	17.2%
34.	Dist. of Col.	19,988	25,140	25.8%
35.	Washington	75,857	96,800	27.3%
36.	Arizona	15,643	20,100	28.5%
37.	Georgia	7,514	10,450	38.6%
38.	Alabama	4,915	6,730	36.9%
39.	Florida	107,556	142,500	32.5%
40.	Alaska	3,382	4,300	27.2%
41.	Connecticut	38,919	57,040	46.6%
42.	California	585,321	870,230	48.7%
43.	Hawaii	14,498	21,890	51.0%
44.	Texas	153,934	238,340	54.8%
45.	North Carolina	67,360	107,480	59.6%
46.	Southwest	2,350	3,300	40.4%
47.	Southwest	1,000	1,300	30.0%
48.	Southwest	1,000	1,300	30.0%
49.	Southwest	1,000	1,300	30.0%
50.	Southwest	1,000	1,300	30.0%
51.	Nevada	5,575	13,120	135.3%
U.S. TOTAL		3,735,386	4,267,926	14.3%

Source: U.S. Department of Health and Human Services.

performing community-service work, most will respond by quickly leaving AFDC, freeing the work slots for others, who will in turn leave the rolls. Through this revolving process, the caseload will begin to shrink quickly. (A variant of this principle is to focus work requirements on recent applicants who are, in general, more employable than the rest of the caseload.)

9. Establish bureaucratic incentives and competition. Throughout the United States, most of the welfare industry is liberal, regards welfare recipients as victims of social injustice, and is threatened by reforms that will sharply reduce its welfare clientele. In order to ensure the faithful

abuse; by radically reducing dependence, Wisconsin's reforms will improve the future well-being of children.

There is, however, one very important shortcoming to Wisconsin's welfare achievement: The current reforms have not cut the state's illegitimate birth rate. Illegitimacy does much more harm to children's development than does welfare dependency. The ultimate goal of reform must be not only to reduce dependency but to rebuild marriage. One can only hope that over the next decade, Wisconsin's reformers will tackle the problem of out-of-wedlock births with the ingenuity and diligence they have already applied to the question of dependence.

Throughout his tenure as governor, Tommy Thompson has routinely accomplished what the welfare industry declared impossible. He has demolished many of the fables buttressing the welfare status quo. Among the venerable myths debunked by Wisconsin are the following: Recipients really want to work but jobs are not available; the lack of day care makes employment impossible; education and training are the key to reducing dependence; and it costs more to reform than to continue the status quo. Thompson has not only rewritten the rule book on fighting dependence; he has invented a new language in which future rules will be written.

Perhaps the most surprising aspect of Wisconsin's story is the extraordinary outcomes produced by mundane policies. There is nothing radical about initiatives like *Self-Sufficiency First* or *Pay for Performance*. Indeed, these policies are pretty much what most voters have in mind when they hear talk of making welfare recipients work. It is true that in the fall of 1997, Thompson will inaugurate a new set of reforms termed Wisconsin Works, or W2. This will abolish AFDC entirely and replace it with a pure employment-based system of assistance. Although great things are expected of W2, its arrival should not overshadow the fact that the current reforms will have already eliminated a vast portion of the Wisconsin AFDC caseload before W2 even begins.

Other states that are in early stages of reform need not leap as far as W2. Any state that will enact *Pay for Performance* and *Self-Sufficiency First*, and follow the nine principles outlined above, will dramatically reduce the welfare dependency of its citizens. Wisconsin has shown the way; it is now up to rest of the nation to apply the lessons learned.

Robert Rector is the senior policy analyst for welfare and family issues at The Heritage Foundation. Christine Olson, a policy analyst in education and welfare at Heritage, provided the statistical analysis upon which this article was based.

Any state that follows Wisconsin's principles can reduce its welfare caseload dramatically.

and efficient implementation of conservative reforms, decisionmakers must establish precise performance criteria linked to rewards and sanctions for the welfare bureaucracies. In Wisconsin, welfare offices were forced to compete with one another to earn funding, and ultimately each county office faced the threat of elimination if it failed to meet high performance standards set by the governor.

Looking Toward the Future

The lessons from Wisconsin greatly influenced the national welfare reform enacted in Washington last year. The new federal law encourages states to pursue work policies similar to Wisconsin's. Among the specific features of the new federal law drawn from Wisconsin are the federal performance standards based on caseload reduction, the use of workfare to "dissuade" new applicants, and a requirement that states set up pay-for-performance systems.

Tommy Thompson has shown that state governments can overcome AFDC dependency. The greatest benefit will accrue to children. In the past, liberals have been mesmerized by the belief that "poverty" somehow harms children and that welfare, by "combating poverty," is therefore good for kids. Hence they are timid, if not outright adversarial, in their attitude toward serious efforts to reduce welfare dependency. But studies that compare children on welfare with poor children not on welfare show that it is actually welfare dependency, not poverty, that harms children. A childhood of welfare dependency lowers children's IQs, increases their likelihood of academic failure, and diminishes their future earnings as an adult. Welfare is a system of child

Mr. MICA. And I'll now recognize Mr. James Riccio. He is with the Manpower Demonstration Research Corp. Is it Riccio?

Mr. RICCIO. Riccio.

Mr. MICA. Thank you.

Mr. RICCIO. Thank you.

The President's initiative raises the question of employment potential of the people to whom this initiative is targeted, and I would like to comment on what we know from research studies about the kinds of people Federal agencies itself are likely to find as they begin recruiting from this particular labor group.

I think if anything is clear about adult welfare recipients is that they're a very diverse group. Although they share some characteristics in common, such as most are single mothers and do not have advanced job skills, they differ widely in their preparation for work, the severity of the obstacles they face in finding and keeping a job, and their actual employment experience. So it's risky to generalize.

As you've heard, nearly half of all welfare recipients do not have a high school diploma or GED certificate, and few have college degrees. Many, but certainly not all, also score quite low on standardized tests. To the extent that employment opportunities offered as part of the worker training initiative require advanced education, credentials and skills, many welfare recipients clearly would not qualify. At the same time, about half could be candidates for jobs that required a high school diploma or a GED. Many would also bring with them a considerable amount of employment experience.

Despite a mixed educational record, a large proportion of welfare recipients, more than most people realize, do have a work history or eventually acquire one. Studies of welfare-to-work programs illustrate this. For example, the study of the GAIN program in California, which is the largest welfare-to-work program in the country, found that as many as 70 percent of welfare recipients who entered the program worked at some point within the subsequent 5 years, although they did not all do so quickly.

Nonetheless, findings from this study and other data suggest that most recipients are at least capable of starting a job, even if not immediately. However, job turnover is high. This is a big problem that even the most successful welfare-to-work programs have not solved yet.

When welfare recipients do work, the jobs they get are usually low pay and offer no benefits. For example, the recipients in the California program who became employed reported on survey that they earned about \$6 an hour on average, and almost half earned \$5 or less. Moreover, only about one-third or fewer got any paid sick days, vacation days, or health benefits.

The reasons for job—for high job turnover among welfare recipients varied, but in many cases are related to the marginal nature of the jobs themselves. In the California study, among the people who left jobs, 46 percent left because the job itself was not permanent. Recipients were either laid off, or the job came to an end.

In contrast, about 13 percent said they were fired from their jobs, and 41 percent said they'd quit. The reasons they gave for quitting resolved around seeking more—more suitable and better employ-

ment, but also, much more commonly, problems they experienced at the workplace, changes in family situations and illnesses.

Although most recipients do eventually work, many experience times in their lives when serious problems such as family emergencies, physical and emotional illnesses, disruptions in child care and housing crises make it exceptionally difficult for them to work at that time.

A number of studies suggest that a substantial minority, perhaps a quarter, may not reasonably be expected to work at any given point in time, even if a suitable job and child care arrangements could be made available.

For many, these problems are likely to be temporary. However, given the kinds of jobs welfare recipients tend to hold, these problems can quickly jeopardize their employment. The lack of benefits such as sick days and vacation days offers them little flexibility for dealing with these issues and can lead them to quit or be fired.

Evidence of employer satisfaction with the performance of welfare recipients is scarce; however, some information of this kind is available on AFDC recipients assigned to unpaid work experience or workfare programs in the 1980's. Special surveys that were conducted with workfare participants and their supervisors in six States help inform this issue. The jobs these recipients typically got were entry-level positions, and in the opinion of the supervisors and the recipients themselves, the work being performed was important to the agency and not make-work.

Most supervisors said that the performance of the recipients was as good as that of most entry-level employees, and although the programs were small-scale, they offer at least some evidence that welfare recipients can be productive employees in Government entry-level jobs.

To summarize, research shows that many welfare recipients can and do become capable employees and, given the right opportunity, have little difficulty working productively and continuously and without unusual levels of supervision.

Others, however, have more difficulty making the transition for a wide variety of reasons, but can succeed with some extra assistance and support, and this should be anticipated and planned for. Still others, but a much smaller group, face exceptionally challenging employment obstacles.

Finally, it's reasonable to expect that if entry-level jobs can be made available in Federal agencies, many welfare recipients would be eager to fill them. If those positions offered medical benefits and paid sick days, it would be more appealing, and perhaps job turnover would be somewhat lower than it usually is for this group because most recipients do not leave jobs that provide them with such benefits. Thank you.

Mr. MICA. Thank you for your testimony.

[The prepared statement of Mr. Riccio follows:]

JAMES A. RICCIO

MANPOWER DEMONSTRATION RESEARCH CORPORATION (MDRC)

**TESTIMONY:
THE EMPLOYMENT POTENTIAL OF WELFARE RECIPIENTS**

Introduction

President Clinton's plan for federal government agencies to hire 10,000 welfare recipients through the Worker Trainee program raises the question of the employment potential of the people to whom this initiative is targeted. My testimony addresses this issue by drawing on research findings from a variety of sources to help elucidate the kinds of work-related skills, experience, attitudes, and employment challenges federal agencies are likely find as they begin recruiting people from this particular labor pool.

If anything is clear about the adult recipients in the nation's main welfare system, the former Aid to Families with Dependent Children (AFDC) program, which is now being replaced by the Temporary Assistance for Needy Families (TANF) block grant, it is that they are a very diverse group. Although they share some characteristics in common – for example, most are single mothers and most do not have advanced job skills – they differ widely in their preparation for work, their perceptions of work and welfare, the severity of the obstacles they face in finding and keeping a job, and their actual work experience.

The fact that they are “not all alike” makes it difficult and often dangerous to generalize about them. Many can and do become capable employees and, given the right opportunity, have little difficulty working productively and continuously and without unusual levels of supervision. Others have more difficulty making the transition from welfare to work – for a wide variety of reasons – but can succeed with some extra assistance and support. Still others – a much smaller group – face exceptionally challenging employment obstacles.

Who is on welfare and what skills do they bring to the labor market?

AFDC benefits have been paid mostly to families headed by single parents, usually mothers. About 53 percent of these mothers are younger than age 30. Most AFDC families are small: about 73 percent include only one or two children. In about 46 percent of the families, the youngest child is under the age of 6, while 32 percent have a youngest child 6 to 11 years old, and 22 percent have a child no younger than age 12. Thus, many need child care, if only for part of the day, if the parent is to work. Sometimes this help is obtained “free” from family and friends; in other cases, it must be paid for and can be quite costly, although some government subsidies are available to help pay these costs.

AFDC recipients differ widely in their educational achievement levels and, therefore, in the range of jobs for which they might qualify. Nearly half do not have a high school diploma or GED (high school equivalency) certificate. According to one study, less than 2 percent are college graduates, although perhaps as many as 14 percent have attended college.

Many welfare recipients also score quite low on standardized tests. A recent study by the Educational Testing Service (ETS) estimates that about 40 percent of welfare recipients have literacy levels that are so low that it is difficult for them to complete such tasks as filling out the application for a Social Security card. These educational deficiencies put them at a disadvantage in the labor market. A number of studies have shown that higher educational attainment and literacy levels are associated with higher employment rates, more weeks worked, and higher average weekly wages.

To the extent that employment opportunities offered as part of the proposed Worker Trainee initiative require advanced educational credentials and skills, clearly many welfare recipients would not qualify.

How common is it for welfare recipients to work?

Despite a mixed educational record, a large proportion of welfare recipients have a work history or soon acquire one. Government records show that less than 10 percent of welfare mothers are working in a typical month. However, a study of a national sample of women (between the ages of 27 and 35) who had ever received welfare found that about 60 percent were working or had worked in the year prior to the time they were interviewed.

Studies of welfare-to-work programs help illustrate the increasing rates at which welfare recipients enter work after a period of time on the rolls. For example, a six-county study of the GAIN program in California – that state's version of the federal Job Opportunities and Basic Skills Training (JOBS) Program, and the largest welfare-to-work program in the country – found that in several counties as many as 70 percent of welfare recipients who entered the program worked at some point within the subsequent five years. (Of course, not all of these workers found their jobs in the first year; some did not work at all until the fifth year of follow-up.) Even among those who had no high school diploma or GED, employment rates were relatively high, with over 50 percent entering work within the five-year follow-up period.

Also striking are the high rates of eventual employment among members of a randomly selected control group used in the study. This group was not required or permitted to enroll in the program; nonetheless, a high proportion – although not as high as the proportion of the group participating in the GAIN program – sought and obtained employment. In other words, many welfare recipients go to work on their own, even when they are not required or pushed by the welfare department to do so.

This pattern of growing employment rates over time (which other studies have also documented) shows that most welfare recipients are at least capable of starting a job. However, job turnover is high. In the GAIN study, less than a third of recipients worked during any given quarter in the follow-up period, which is less than half of the proportion who ever worked during that period. Only about 22 percent were employed in all quarters in the fifth year of follow-up.

What kinds of jobs do welfare recipients get?

When they do work, welfare recipients are typically employed in service, sales, clerical, and light manufacturing jobs. Usually the jobs are low-paying and most offer no fringe benefits. This can be seen, for example, in the jobs obtained by participants in California's GAIN program. Recipients who became employed reported on a survey that they earned about \$6 per hour, on average. Nearly half (47 percent) earned \$5 or less per hour, and only 10 percent earned more than \$10 per hour. Clearly, most had found jobs in the relatively low-wage sector of the labor market.

Fringe benefits were not the norm for these jobs. Only about a third or fewer of the recipients got them: 28 percent got paid sick days; 34 percent received paid vacation days; and 28 percent got company-paid or subsidized health benefits. Only 36 percent of employed respondents indicated that their jobs offered good opportunities for promotion or advancement.

In most cases, recipients who got jobs worked full-time or near to it. About half worked at least 40 hours per week and 65 percent worked at least 30 hours per week. Approximately 19 percent of the jobs were in federal, state, or local government agencies.

Why is job turnover so high?

Welfare recipients frequently move in and out of jobs and cycle on and off welfare. The reasons for this vary. In the GAIN study, welfare recipients who had been enrolled in the program and found employment but subsequently left their jobs were asked why they left. About 25 percent said they were laid off, and another 21 percent indicated that the job ended (e.g., because it had been a seasonal or time-limited position or the firm went out of business). Thus, in 46 percent of the cases, the job loss did not result from the recipients' performance or choice; rather, the job itself was not permanent. In contrast, about 13 percent said they were fired from their jobs, and 41 percent said they quit.

The most frequent reason for quitting was that the respondent had found better (usually higher paying) work, although this was true for only 22 percent of those who quit. The remainder (78 percent) quit for a variety of reasons having to do with dissatisfaction with the job or because of circumstances in their lives. For example, 12

percent of those who quit said that their job had been a poor one with low pay and no opportunities for advancement or involved unacceptable working hours or working conditions. An additional 18 percent reported that they had quit their jobs because of an interpersonal problem, usually with a boss or supervisor; 12 percent quit because they had medical problems; and 19 percent quit because of transportation arising from the fact that the respondent had moved to a new residence because the family situation had changed. Child care problems were mentioned by 4 percent of those who quit their jobs,¹ and having disagreements with spouses or partners because of work was cited by 3 percent.

In sum, the reasons respondents gave for quitting jobs revolved around their seeking more suitable and better-paying employment but also – and much more commonly – problems they experienced at the workplace, changes in their family situations, and illnesses.

Situational problems that welfare recipients encounter are often no different from those experienced by many other working families. (See below.) However, given the kinds of jobs welfare recipients tend to hold, problems with illness, family emergencies, disruptions in child care, and so on can quickly jeopardize their employment. The lack of benefits such as sick days and vacation days offers them little flexibility for dealing with these problems and issues, and can lead them to quit or be fired.

At any point in time, are most recipients capable of working – assuming that a suitable job, transportation, and child care are available?

Although most recipients do eventually work, many experience times in their lives when serious problems make it exceptionally difficult for them to work *at that time*. It is impossible to estimate this proportion with precision. However, a number of studies, looking at different samples of the welfare population in different locations, suggest that a substantial minority might not reasonably be expected to work at any point in time, even if a suitable job and child care arrangements could be made available.

One such study focused on longer-term welfare recipients in three counties who had been enrolled in California's GAIN program. The group had received AFDC for at least two years out of the three years following their enrollment in the program. These recipients approximate the kinds of people who, depending on a number of factors, might have been cut off from cash aid and expected to work had a two-year time limit been in effect. Many of these people might have also reached a five-year limit.

More than half of this group (56 percent) were temporarily deferred (i.e., excused) from participation in GAIN activities because of illness, severe family crises, emotional or mental problems, and, in a very small number of cases, alcohol and drug problems.

¹ A special study of child care in GAIN found that about 17 percent of the employed former GAIN participants who were using paid child care while they were employed said they missed time on their jobs at least once because their child care provider was not available or because they did not have a provider.

Of course, many of these same conditions would have interfered with recipients' ability to work continuously, had they been employed at the time. Indeed, when questioned about why they were not working or looking for work, those on AFDC and out of the labor force often cited similar types of problems when they were interviewed two to three years after starting GAIN. For example, 20 percent indicated that their own ill health or disability prevented them from working.

Given these health and situational problems, the analysis found that a substantial minority (16 to 23 percent) of the people in this "over-two-years" group who were on AFDC at a given point in time might not reasonably have been expected to work at that time. Moreover, the findings on GAIN deferrals noted above suggest that an even higher proportion would at some time experience work disruptions, even if only temporarily, for reasons such as family emergencies and other situational problems.

Other studies paint a similar picture for different samples of the AFDC caseload. For example, in a survey of new enrollees in JOBS programs in four states, about 28 percent of recipients cited a health or emotional problem – their own or that of a child or other family member – as a reason they could not go to a school or job training program immediately, and presumably they would not be able to work right away for the same reasons.

Research on national samples of women who were receiving or had recently received AFDC when they were interviewed found that about 10 percent had some kind of health-related problems that would seriously limit in some way their ability to work. Some estimates suggest that about 5 percent of current and recent recipients have serious problems with alcohol; they reported concern about being an alcoholic or had recent problems at work or school because of drinking. Serious depression is a problem for over 10 percent of recipients, according to some studies. One study found that 31 percent of recipients reported serious health or personal problems that could interfere with employment. (The following were counted as "serious" problems: not seeking work due to a medical condition, experiencing depression between five and seven days a week, and extensive drug or alcohol use.) In the ETS study cited above, 20 percent of a national sample of AFDC recipients reported having a physical or mental health condition that keeps them from participating fully in work, school, housework, or other activities.

In summary, although most welfare recipients can and do eventually work, a very substantial proportion face problems in their lives that would make it difficult for them to work continuously, even assuming they had the child care they needed and found jobs suitable to their skill levels. As noted above, the absence of fringe benefits such as sick days and vacation days can make it especially difficult for them to hold on to their jobs while they try to address problems when they do arise.

For most recipients, the problems that can disrupt work are transitory. For some, however, the problems may be chronic and achieving sustained employment for them may be almost impossible, or perhaps feasible only in the context of sheltered settings

Mr. MICA. And we'll now turn to Charles Tetro, who is president of the Training and Development Corp.

Mr. TETRO. Thank you very much, Mr. Chairman. I appreciate the opportunity to be able to speak with this committee today and testify before you. I'm joined today by three senior program managers from my own organization in case there were questions that penetrated beyond my own familiarity. Sandy Brawders is executive director of our career advancement services in Maine. Vinceretta Henderson runs our career advancement services operation in Richmond, VA. And Wayne Tapp runs the Penobscot Job Corps center. Each of these people run programs for thousands of people, about 40 percent of whom historically have been on welfare, so they have a real intimate knowledge of this subject. I do share that knowledge as well. Sandy ran the House of Ruth here in Washington, DC, for 8 years, the largest homeless shelter for women in the United States. So we come to the table with a considerable amount of experience with this issue.

We also—in summarizing my testimony, as I'm sitting here, I was realizing, Mr. Chairman, that you summarized half my testimony better than I could have, and I want to use your statement and then just focus on one piece I brought with me.

You said, unless we're addressing the fundamental problems, lack of education, training, day care and the like, then we're not really doing the right thing as we come to an initiative like this. And that was a lot of what I had to say in different words in the testimony that I share with you in writing.

Another thing that I had to say we may not agree about, but it's something that I also would like to put before this committee today. And as I'm sitting here listening to the testimony that's preceded me, it struck me that we all can come to this issue, I think, with one conviction that we share and a value that we share deeply, and that is the conviction that we're a country about opportunity, and we share a value in the worth of work. Every single one of us is engaged deeply in it. We value it as a society more than many others do. And so we sit here today in common in that pursuit.

Where we seem to come apart is around our perceptions of what happens around the issues of work; why people do, and why people don't. And as this testimony was coming before you today, it struck me that one of the reasons we can seem to disagree so much about some of these issues is that we're always looking at incomplete pictures. And when we look at incomplete pictures, we can amplify aspects of what we see, generalize from those things that we see, and form an opinion which may or may not reflect the large picture.

The large picture that welfare reform in this initiative is taking place in is a picture of a whole economy, of a whole range of labor markets and equations that go beyond labor market participation. And to simplify that, it seemed to me, as I looked at the issue of work, that every one of us has three stark choices to make. We either engage in the legitimate economy, we're involved in illicit economic activity, or we become dependent. Somehow or another, we end up in one of those domains. Most of us in this room have chosen to work and succeed in the legitimate economy. But if we

weren't, we would face those other alternatives, as many other people do.

When we look at something like the welfare issue, we look at it and see things that are appearing to be different, but I think they are somewhat the same. We see a miracle in Wisconsin, and one that we all ought to look carefully at, because much of what was shared in testimony today was quite important.

If we give people good information about how to get employed, their inclination is to go and get employed. That's why 75 percent of welfare recipients in the past, with a very flawed system, sought employment and were employed within 2 years. It's always been a floor in the secondary labor market system. It's been the place passed the job that you couldn't find for 75 percent of the people who ended up on welfare.

We also need to look deeply at what seem to be miracles, and Wisconsin may be one because it has, it seems, much of its work based on good solid common sense, a set of steps that do make sense and do seem to indicate that people taking those steps would get jobs.

But sometimes miracles are posing—are miracles posing as something else? And they might be magic, they might be sleight of hand. And we need to really study them to learn what they have to tell us, because many of us who have worked with these people see people often with deep problems. And they're perhaps that other 25 percent of people who are the core problem that most of us are looking at when we talk about the welfare problem in the United States. Most of us aren't really thinking about the person who was divorced and went into welfare and somehow within a couple of years got a job. We're thinking about the person who lives in a culture of dependency for whom work has not been part of their experience nor a part of their future plans. And I think that when we turn to that population, we turn with a very significant burden of effort that's required to make this work.

As my testimony suggests at the end, I think the good news in this is that we have currently a vibrant economy. We should worry about times when we don't. We also have much more knowledge with how to prepare people for work cost-effectively. It no longer requires long periods of formal education and classrooms at high costs. It can begin very effectively at work in workplace settings with workplace-focused learning programs and with appropriate support can be successful.

And I think that as we look to the future of welfare as we all want to see it performed, we need to continue to look in the direction of guiding people into employment and then providing the performance support that's required to make them effective once they're there, and that can be accomplished at much lower cost than the historical approach of pulling people out, putting them into long-term training education programs that are unconnected with work, and only after that getting them connected with the purpose that they originally were identified to the program to pursue, which was work itself.

Thank you for this opportunity to speak here today.

[The prepared statement of Mr. Tetro follows:]

Good morning, Mr. Chairman and Members of the Committee. My name is Charles Tetro. I am President of Training and Development Corporation (TDC), a national not-for-profit educational management, training and consulting organization headquartered in Bucksport, Maine. The President's initiative to employ 10,000 current welfare recipients in federal agencies over the next several years brings into sharp focus many of the most fundamental issues associated with reform in the welfare system. Who is dependent upon welfare, and why are they dependent on it? What is the objective of welfare reform: self-sufficiency for welfare recipients or simply fewer welfare recipients?

Who will take the jobs which are pledged in the campaign to end welfare as we know it? What will their qualifications be? As welfare recipients are punched into the employment market, will they push others out? Will they become high performers or productivity problems?

In an era of government downsizing and escalating demands for service and performance results, can the Government afford to be in the people development business from the ground up? Or put another way, does the largest single employer in the United States have the capacity to hire, support and develop a small percentage of high-need employees, and if it does not, can we reasonably expect that any employer does?

What is the true nature of the labor market solution to the welfare problem? How does the President's initiative fit in?

Background

Across the ideological spectrum, there is widespread agreement that the solution to welfare is work, yet the evidence all around us indicates that labor market policy in the United States is inadequate to the task of supporting stable participation in the contemporary economy. It fails even the most basic test of enabling workers to competently manage their participation in increasingly unstable and unforgiving labor markets and to efficiently connect to available jobs. And, while the labor market is assumed to be a major instrument of social policy—not only the answer to the welfare problem but a vehicle for educational reform and general work force development as well—there is little reason to be confident in its ability to successfully perform these roles. If the result we are looking for is income adequacy, and a measure of success is reliability, the terms of engagement cannot remain as they are.

Labor market policy remains essentially unchanged from a time when the economy was more stable, jobs more plentiful and well paying, attachments to firms in many cases life long, and competition from abroad of a different nature and much weaker. Today increasing numbers of Americans earn their poor economic standing moving from job to job working long hours at low wages with few benefits and no security. They do so with other members of their household similarly employed, and together they still fall short of where they would have been as a family with one wage earner employed in the fifties. As large numbers of welfare recipients enter the lowest tiers of this economy, they will put pressure on already crowded labor markets which have experienced years of declining wages and increasing instability.

World-wide economic competition fueled by the rapid development and exploitation of information technologies, differential labor rates and working conditions across nations, and the mobility of managerial and capital resources continues to produce mixed results for Americans. Many knowledge workers in our leading edge enterprises enjoy robust earnings and promising futures. Other well educated Americans who have enjoyed solid middle class lives and livelihoods in the past are stranded in industries or in communities in precipitous decline. Still others, with less marketable skills, find themselves in a race to the bottom with workers whose standards of living are among the lowest in the world.

While there are many dimensions to our economic problems, there is broad agreement that our economic well being and our social and political stability will increasingly depend upon human ability: upon our knowledge, our skills and our facility to employ them. Additionally, our future economic success will depend upon very nearly everyone performing to high standards. And that is the rub. Increased competition has already imposed higher performance requirements upon professional, technical, and production workers who wish to maintain their standards of living or, in many instances, simply protect their livelihoods. But what is at stake is the standard of living of a whole nation with success dependent upon the initiative and creativity of nearly everyone who is employed, including large segments of the population who have historically been out of bounds in the competition for work and many more who, when they have been employed, have been expected to do little more than show up and follow orders.

While more than a decade has elapsed since the first earnest contemporary education and labor market reform efforts were undertaken in response to a growing awareness of the implications of these emerging conditions, the sense of

urgency has not abated. If anything, our concern has deepened as the pace of change has accelerated, impacts have widened, effects have intensified—and progress has been so slow.

We are to a greater extent than we admit a nation in crisis struggling to come to terms with rapidly and radically changing conditions absent a unifying framework. Our social and economic institutions are not where they were, nor are they yet where they will be. They are in the midst of a difficult transition from a period of affluence and relative stability in their core missions, structures and modes of operation to a time when few of these familiar conditions will obtain.

While institutions struggle to reform themselves, millions of Americans live a Hobbesian life on the edge of an economic abyss. Large numbers of workers are experiencing dislocation, others including many welfare recipients cannot enter the competition for work and still others, a growing segment of the active workforce, work hard, play by the rules and toil in or near poverty.

Many challenges confront American workers today they have not faced before:

—Some struggle year round at minimum or low wage work wage work and remain poor.

—Some see downsizing and "right sizing" going on all around them and wonder, "Am I next?"

—Lay-offs used to be cyclical. Workers just had to wait until the business cycle picked up again, and they would be called back to work. Now unemployment is structural: once the jobs are lost, they are gone forever.

—Everyone is challenged by the changes in the workplace brought on by globalization, by demands in the labor market for rapid response to new and changing needs for workers and their skills.

—The result: every worker is worried and with good cause.

The anger which is so pervasive in our society results in part from a widespread feeling of betrayal. It is evident that there is nothing remotely fair about how we are undertaking major structural economic transitions. The accident of working in the wrong sector of the economy or for the wrong firm accounts for devastating losses which many thousands of families are experiencing. Living in the wrong place can be equally debilitating. Little did we know that when we played musical chairs in grammar school we were rehearsing for our participation in the job market.

Welfare reform is occurring in this harsh environment—and these are arguably the good times.

The Stakes

We do not often discuss the stark choices each of us faces in our economic lives, but they are essentially three: we can become employed in the legitimate economy, we can engage in illicit economic activity, or we can become dependent upon others for our support. Increasingly large numbers of us confront these choices every day

without the requisite knowledge and skill to be employed in the legitimate economy.

We have choices as a society as well. We can finance dependency, we can incur the costs of increased crime, or we can invest in making the employment option work.

There is one choice we do not have—that of doing nothing and bearing no cost.

Working Into the New Economy

Before we accept the inevitability of a two-tiered society where accidents of place compete with accidents of birth to explain economic success, we should question some of our most fundamental assumptions about what motivates and inhibits economic achievement. Is it a question of opportunity or of character—as we so often cast it, or is it something more complex? And if it is complex, can we unravel it? This is a round about way to wonder: can a nation which landed a person on the moon land everyone who is able to work into employment with a living wage, if it sets out to do it?

Dramatic steps would need to be taken.

First, we would need an adequate policy framework which truly and well supports the value we place on work and addresses the basic needs people have to provide for themselves and their families. The most potent policy instrument we currently have is the Earned Income Credit which addresses both of these requirements, but alone, it is not enough. We would need considerably more effective labor market intermediary institutions to lubricate transitions and provide adequate security and

we would need much more effective strategies for worker preparation as well as for supporting life-long learning and performance improvement.

Second, we would need to empower workers and potential workers with purchasing power to invest in their own development. The tax system should reward saving and investing in education and training for every American through a vehicle like tax-exempt Individual Learning Accounts, tax credits for certain types of educational investment, and more public investment in work-force development. Purchasing power should be in the hands of individuals not bureaucracies.

Third, we would need to increase aggregate demand by investing strategically and systematically in areas like literacy, technological fluency, day-care, elder-care, infrastructure modernization, housing, and the revitalization of our cities and our schools. This is one way to have a chair for everyone when the music stops.

Finally, we would need to create a new civic infrastructure adequate to the task—not an underfunded government program or a weak and episodic commitment from business to help out at the margin when it can. We require something more akin to the commitment we made to our health care historically by fundraising and constructing community infrastructure to tend to it. After our physical health, our economic well-being determines the quality of our material lives, yet we only casually and fitfully attend to its care.

The Opportunity of Welfare Reform

All too often reform falters in implementation—sometimes because ideas are too small to make much of a difference, other times because they are too large to grasp

and hold. Many reforms have been leveled by the crushing weight of ideas so big and so complex that implementation in a real environment is all but impossible. In this vein, it has become fashionable to compare the reform of schools, labor market institutions and welfare with the re-engineering of airplanes in flight, which is perilous, tricky, and true as far as it goes. What is seldom mentioned is that we expect most of this work to be done by the crew and passengers in front of a large and involved audience. That's worth the price of admission. But the true nature of institutional reform is at once more difficult and more possible to safely approach. Let's land the plane, roll it into a hanger and do some of the most difficult re-engineering and transformational work there. One place to begin in welfare reform is with initiatives like the one proposed by the President.

In fact, focusing upon the President's welfare employment initiative has value well beyond the number of jobs which it would provide to recipients. It symbolizes the commitment of a nation to its most vulnerable potential economic contributors, and it affords the opportunity to illuminate the murky atmosphere obscuring our view of what it takes to support their economic success.

Government is in the business of making a difference, and doing so in pursuits which the private economy would not tend to undertake without inducement, if at all. Notwithstanding this higher standard—which holds government accountable to produce goods and services which are instrumental in achieving public policy objectives—few public investments are systematically analyzed in a manner which enables an accurate assessment of their value against this standard. Some would argue that this is inherent in the nature of the work of government. But upon examination, the real culprit becomes apparent. We seldom set out to achieve such a result.

When it comes to social program design, we settle for an artist's sketch rather than demanding the architectural and engineering work which would form the basis for knowing precisely what we are setting out to do. Consequently, it is very difficult to evaluate or improve performance. The unit of observation is usually the program with activities disaggregated only slightly—certainly not enough to establish any clear picture of the transactions which occur and constitute service. These variable bundles of service, people, and circumstance interact in a blur out of the range of focus of our lens. Yet this is precisely what we should be looking at if we are to perfect our policies and our practices.

Carefully approached, the proposed initiative could become a valuable and highly visible source of insight into the nature of the work of developing performance competence among these least advantaged workers.

Thoughts About An Approach

If the intent is to launch welfare recipients on trajectories which lead to self-sufficiency, then the propulsion system has to have the potential to achieve and sustain that result. In the tradition of the most frequent approach to the subject of welfare, let me oversimplify—in this case to establish a starting point.

Two conditions have to be met to expect success. First, participation in the legitimate economy must permit individuals to reach a threshold of economic well being. Second, satisfactory performance must be achieved and maintained. In the case of the contemporary economy, this involves being able to take a job and run with it, navigate through a volatile economic landscape, manage a career, continuously learn, and adapt while juggling multiple aspects of life in and outside of work.

Success will hinge on the interaction of individuals, environments and purposes. So it matters who is being employed, where, to achieve what.

In the case of the proposed initiative, the first condition will be met at the outset. The second, satisfactory performance, can be achieved if these new workers are adequately supported in making the transition to work and in advancing at work. Performance support will involve making it possible to be at work (supplying things like day care and transportation) and to be productive at work (supplying things like emotional, technical, environmental and learning support—and insight into the heuristics of the job). Several factors will be critically important, but none more so than peer support in achieving high performance results. However trite, it is true that believing is more than half of the effort leading to successful employment. High expectations, appropriate scaffolding and solid support will lead to performance success for welfare recipients, just as it has for the rest of us.

Perhaps most important and promising of all, this initiative focuses on getting to work and then getting competent at work. The idea of work-place based learning as opposed to pre-employment based education and training—in the right circumstances—holds out the promise of highly efficient, cost effective investments in developing human performance competence. This is the best way to learn and it is the most affordable. It is in keeping with the intent of the new welfare legislation, and it is based upon a considerable research and experience base.

More and more, learning will take place in contexts other than schools. The new economy demands workers who embrace responsibility, use complex thinking skills

to weigh risk and make decisions and manage their own growth and advancement. There is no place better to learn this than in the context of work itself.

Billions of dollars have been spent on a tired and worthless model of missionary services to the poor. But as we turn away from that approach, we need to look for success—not simply for an escape. Changing technologies, changing governmental policies, changing contexts for education and training, and changing performance requirements across the economy make it imperative that we have the full picture of what could happen if we were not so pessimistic about results.

We need to accept the research, listen to the 21st century projections and educate and train for 2002 not 1958. Bring together all the different perspectives on this issue. Let no one model dominate. Ask customers what support would look like in a new welfareless world. What is a troubleshooting model of support versus a dependency model of support? Get educators and job training to take responsibility for results, not just placement for 30 days, but long term placement 1-3 years.

A Story

Barbara has been on welfare for four years. Sometimes working under the table as a waitress during the holidays, she has struggled through. Staying too long with a boyfriend who beat her because he had an apartment—she was on a waiting list for public housing. Barbara's eight year old is already having alot of trouble in school. He has been tested and referred to special education services. Barbara hesitated because she knows only too well how people treat you once you are labeled. Her baby of 15 months is the product of staying too long with the boyfriend, hoping he would be better as a father, but the opposite became true. Barbara ended up in a

shelter when he tried to stop the baby from crying. Her son had been through that and she didn't want another child to suffer. She packed and left at 2am when the boyfriend fell asleep. She spent her whole life telling someone her troubles— foster care case workers, teachers, social workers, case managers, plan managers, career counselors, welfare workers, police. She spent her life telling her son's story to four different school systems and programs. Now she was trying to get her daughter in child care. So far she had taken her out of three different ones. They were cheap, but not clean. One didn't take the children out of their car seats all day. She wanted one that might help her daughter not turn out like her son, hating to learn or be at school. Now they wanted her to go to work, not paid work, something called work experience—copying and stapling for an agency in town. Barbara often thinks, "If I could just turn myself inside out or start over."

A Solution

Maybe that is exactly what has to happen. Moving Barbara from a deficit model of her self-worth and possible work skills takes a completely different approach. It is not a "pull up on the bootstraps." That works with some, but not with most. It is an immersion program. We set up an environment that immerses Barbara and her children in their future, not their past or their current situation. We can do nothing about the past, we can do everything about the future and so can Barbara. Barbara's power, self-worth, and motivation is what is ahead for her and her children, not what is behind.

In agencies across this country we spend more than 50% of direct service time listening and documenting the failures and tragedies of people and hardly any time in shaping solutions other than the tried and tired ones.

We have more fragmented efforts in this country than we have web sites on the Internet. Sometimes as many as 30-40 different agencies can be working with the same family and not be in communication with each other, let alone working towards the same goals. These fractured efforts also have a model of service delivery which makes all the choices for the customer rather than teaching them to make their own. The case managers get all the practice at making decisions, the customers sit and listen to what will be. This is not a model for creating the new worker or using what could be practice time to its best effect. Micro managing families just to get them off the welfare rolls for 30 days does not ensure their long term success or the future stability of our communities.

We live in a time of great upheaval. Old certainties fade as fast as electrons moving across screens painting new images of our contemporary reality. We know that we need to evolve new capacities to transition ever more quickly to do the work of our age and place. And we know that we are more interdependent today than ever before in our history, or indeed, than any people have been with the peoples of the world, in all of history.

We will achieve economic and social security for ourselves only to the extent that we succeed in reweaving our people and our institutions together. One thing is certain though, as long as the bankruptcy court is the centerpiece of our economic transition system, and the social program of choice is a prison sentence, success will elude us. Surely we can make more productive investments in our collective well being.

FEDERAL CONTRACTS

The following contracts are currently operated by TDC or have been completed within the past two years

Center/Program: Agency	Period of Performance	Contract Number	Contract Value
Job Corps Programs			
Penobscot Job Corps Center:	10/1/90 - 9/30/95	1-JC-907-23	\$27,601,724
Penobscot Job Corps Center:	10/1/95 - 9/30/97	1-JC-611-23	12,756,504
Loring Job Corps Center:	05/1/96 - 04/30/98	1-JC-616-23	12,093,356
U.S. Dept. of Labor-Region I Office of Job Corps One Congress Street Boston, MA 02114 (617) 565-2170 fax: (617) 365-2023 Contact: Albert Glanister, Regional Director			
Blue Ridge Job Corps Center:	01/1/91 - 12/31/95	3-JC-003-51	\$26,946,361
Blue Ridge Job Corps Center:	01/1/96 - 12/31/97	3-JC-663-51	7,230,735
U.S. Dept. of Labor - Region III Office of Job Corps 3535 Market Street, Room 12220 Philadelphia, PA 19104 (215) 596-5057 fax: (215) 596-6308 Contact: James Bodnar, Regional Director			

JTPA and Other Training Programs

Migrant & Seasonal Farmworker Program:	7/1/91 - 6/30/95	99-1-0836-56-318-02	\$1,590,800
Migrant & Seasonal Farmworker Program:	7/1/95 - 6/30/97	C-5453-5-00-31-55	691,804
U.S. Dept of Labor/Office of Special National Programs 200 Constitution Avenue, N.W. Washington, D.C. 20210 (202) 219-7312 Contact: Charles C. Kane, Division Chief			
City of Richmond Job Training System SDA 927 Hull Street Richmond, VA 23224 (801) 231-2620 Contact: Jean Williams	6/1/95 - 6/30/96 7/1/96 - 6/30/97		\$2,266,226 2,594,940
Job Training System SDA Agreement: Maine Dept. of Labor*	7/1/95 - 6/30/96 7/1/96 - 6/30/97	PY95-03 PY96-03	\$1,868,515 2,190,960
SDA Agreement for General Revenue Funds: Maine Dept. of Labor*	7/1/95 - 6/30/96	PY95-03-G	\$251,605
JTPA Title III Discretionary Maine Dept. Of Labor*	9/1/95 - 6/30/97	PY95-03-02	\$718,394
Job Training System SDA Agreement: Maine Dept. of Labor*	7/1/94 - 6/30/95	PY94-03	\$1,928,821
JTPA Title III Discretionary: Maine Dept. of Labor*	1/1/94 - 6/30/96	PY93-03-02	\$478,263

***Address and Contact Person for all Maine Dept. of Labor Contracts:**

Bureau of Workforce Improvement Programs

State House Station, No 55
Augusta, Maine 04333
(207) 624-6491

fax: (207) 624-6499

Contact: Timothy McLellan, Director of Administration

Career Management Account

U.S. Dept. Of Labor, ETA
200 Constitution Ave., NW
Washington, DC 20210

(202) 219-5577

Contact: Janice E. Perry, Contracting Officer

N-5493-5-00-8-60

\$1,000,000

Other Development and Technical Assistance and Contracts

Defense Conversion Adjustment Demonstration

Project:

U.S. Dept. of Labor, ETA
200 Constitution Ave., NW
Washington, D.C. 20210

(202) 219-5306

fax: (202) 219-5938

Contact: Ceola Coles, Project Officer

12/27/93 - 6/27/95

Q-4384-4-00-87-60

\$499,941

Technical Assistance to O*Net:

U.S. Dept. of Labor, ETA
200 Constitution Ave., NW
Washington, DC 20210

Contact: John M. Steenbergen, Contracting Officer

07/1/96 - 12/31/97

M-5953-6-00-96-30

\$289,005

Mr. MICA. I thank all of our witnesses on this panel.

I have a couple of questions. To Mr. Hantzis, representative of the Federal employees, are you saying "just say no" to this whole proposal?

Mr. HANTZIS. Mr. Chairman, the most salient point had to do with communications here. I believe the Federal workers that we represent would like to know what it is that's going on prior to just having bombshells dropped in their lap. And what we have here is we have a headline that comes forward that says the Federal Government is hiring 10,000 welfare recipients, and at the same time the big headline in the Federal workforce is contracting out, downsizing, RIFs. And so when you throw those two things together, you have a cataclysmic reaction that is not very favorable.

Mr. MICA. Well, obviously from what we heard today here all the plans aren't together, all the specifics are not there. But if there are positions available—and they are—and with folks on some of these priority lists—do you have a problem with filling them in the fashion described today?

Mr. HANTZIS. The way it has been described by the first panel seems very fair and equitable. When you get down to the street level and the agencies that we work with daily that are agencies in St. Louis, MO, or somewhere else in the field, I have to bring to your attention the fact that it's not always Mr. King's policies that are followed at that level, too.

So, yes, I heard what the first panel said, and I'm very supportive of what they had to say, but sometimes once it gets out into the streets, it's a different policy.

Mr. MICA. Right.

Mr. Rector, you had talked about the myth of day care. We're impressed by the testimony you gave us, but we still have a large number of the individuals on welfare, primarily female, who are single parents with dependent children. In order to go to work, they must have some assistance. You say that day care is available, and that the day care problem that has been enunciated is a myth. Could you elaborate?

Mr. RECTOR. Certainly. Any credible study that studies success rather than failure, which is a policy I would recommend, would show that, in fact, day care has never been a substantial problem to employment of welfare mothers that has been indicated. Particularly in inner-city communities, what you have there is an absolute abundance of unemployed women who are taking care of kids, and, therefore, any policy that has ever had—that has seriously required work does not find an absence of day care to be a problem.

For example, funding has gone up rather dramatically on day care in Wisconsin, but it still remains less than 5 percent of the total. They're not having any problem with it at all. There's no problem in Oregon. You can go back 15 years in this, and if you really look at the literature, this is just a myth. It's an excuse about why we really can't do welfare reform rather than being based on any factual matter.

Mr. MICA. Mr. Riccio, you had testified that we can succeed with taking people from welfare to work if they get the extra assistance and support that they need. We just heard the comments from Mr. Rector. You also, I think, were here to hear the testimony of the

first panel. It doesn't sound like they have that support system or assistance in place, which is a concern to me. Also, the majority of the positions are part-time, low-paying, no benefits, no health insurance. It doesn't appear that, from what I've heard preliminarily, that they have set in place a pattern or a plan for providing this extra assistance and support for these folks. Would that be your assessment?

Mr. RICCIO. I can't assess independently what would be made available in terms of the jobs under this initiative, but I would say that, for some, that kind of assistance will be very important.

Mr. MICA. But it is essential, you testified——

Mr. RICCIO. And for others.

Mr. MICA [continuing]. To make this a success——

Mr. RICCIO. It may be for some.

Mr. MICA [continuing]. Otherwise——

Mr. RICCIO. It may be for some.

Mr. MICA. Otherwise we go from welfare, to a part-time public job, then back to welfare. Maybe not. Maybe.

Mr. RICCIO. I'd say that welfare population is very mixed. For some people child care is absolutely essential. Others can make informal arrangements that work out. It's a very mixed bag. Some people, though, will absolutely need subsidized child care in order to work, but not necessarily everybody.

If the job is part-time, and the parent is working while the child is in school, then obviously there's less of a demand for child care. Jobs that don't provide health benefits or sick days or vacation days make it very difficult for people to cope with emergencies that inevitably come up, and if the current jobs don't provide those kinds of benefits, they may be subject to the same kinds of high turnover rates we typically see.

Mr. MICA. Is there, Mr. Rector, or Mr. Riccio, any study or information on when a welfare individual gets a job in the private sector versus the public sector, are there different success rates? Mr. Riccio.

Mr. RICCIO. I haven't seen studies with convincing evidence on that. I'd say about 19 percent of the folks that have gotten employed in the California study were employed in Government jobs. Most of the jobs are in the private sector.

Mr. MICA. Mr. Rector.

Mr. RECTOR. Most employment in Wisconsin would be in the private sector. But it doesn't really matter that much. What really matters is when the individual takes a job, they're very apt to lose it again or lose a job. And then what matters is what happens? Do you now recycle them back into AFDC and let them sit there for a couple years where you apply some extra training and stuff and just let the system linger along, in which case you're not going to have any drop in caseload.

What really matters is that then that individual, you have to create a push to get them out of welfare, and the way you do that is to say, look, if you've lost a private sector job, lost a public sector job, you come back to welfare, you must perform community service in order to get the benefit. And when I do that, in Oregon, for example, six out of seven of the people will just turn out and say, oh, guess what, I found a new job in the private sector, I'm out of here.

They just don't stay on welfare if they have to work for their benefits. That's the bottom line, and that's what's caused this caseload reduction. That's what needs to be done. The rest of this is just—it just has very little to do with anything.

Mr. MICA. Mr. Tetro, I have been concerned about the effectiveness of public job training programs. About a year ago a study was done in my State of Florida, and there's an article about it in the Orlando Sentinel. It was a State study of job training and vocational ed programs, and said State and Federal Government spend about a billion dollars a year on vocational education programs in Florida. Of those who enter a program, less than 20 percent complete the program. Of that figure, only 19 percent found a full-time job, and most of them found a job at minimum wage, and most were out of the job within 6 months.

Ms. Norton is gone, but I just read last week on the way home in the April 17th, Washington Post, that the DC job training program ranks dead last in the Nation. They spent \$7.3 million in locally raised taxes designated for job training programs without training a single person. These are not examples of how we spend public money successfully in training people for jobs, and it's a great concern for me.

Now, it's my understanding that your firm has been the recipient of substantial Federal dollars in training folks. What's your success ratio? I mean, what's it costing to train these folks? And is this one of the things we should be looking at?

Mr. TETRO. I definitely think it's one of the things you could be looking at, and it's one of the strong agreements I would have with some of the earlier statements made by the researcher from the Heritage Foundation.

The way interventions occur matters a lot, and our organization has been researched by many research organizations over the last 22 years, and I think that one of the things that has resulted in the success of our organization is that we've been concerned throughout that time not with maintaining bureaucratic operations and the status quo, but rather with finding solutions to problems.

A number of years ago, we realized that the design of our own organization wasn't as effective as it needed to be, and long before re-engineering became a topic of conversation, we re-engineered an organization to reduce the overhead that it bore by over 40 percent. We automated many of the functions, and some of the systems that we built right now are being used in over 300 sites across the country managing some of the successful initiatives that are underway where people have taken this kind of work seriously.

We took a program much like the one you just described in the newspaper over a couple of years ago in Richmond, VA. It was the one of the lowest job training programs in the United States, and it was certainly the lowest performing in that State. And within 1 year we had turned that program around and is ending its second year in our management right now, and it will be one of the top one or two performers in the State of Virginia, which, as you know, has a strong commitment to putting people to work and to making the idea of work first a reality for welfare recipients as well. We're implementing that kind of effort there and as we have for many years in Maine.

I think that the—all these issues bear real close scrutiny and effort. None of it is simple. Job training programs work some places and are terrible other places.

All these things, whether they're schools, job training programs, welfare-to-work programs, welfare recipients, students, employees, each is a different circumstance than it was 5 or 10 years ago. There has been a revolution in this country in the economy, in the way learning can take place, in the demands placed upon all of us, and in the technologies and in the knowledge base that's available to us.

And those organizations that recognize those changes, that are putting that research and knowledge to work, that are employing new technologies both to manage those processes and to deliver some of those learning results are the organizations that are doing the work right and that will be increasingly relevant.

The organizations that are sitting in the past, the way most of this welfare bureaucratic apparatus is, are part of the drag on change, and they're properly criticized for what they don't accomplish.

But I think what becomes important is to draw these things out and to tease up the distinctions between what works. And again, I would agree with an earlier panelist. We ought to be looking at success. As I mentioned in my testimony, the focus of most of these bureaucracies is on failure and on the stories of people's continued failures. That's not the place to look. The place to look is very—in a very focused way on the results people are trying to get to.

Mr. MICA. I appreciate your testimony.

Were you trying to get recognized, Mr. Rector, now?

Mr. RECTOR. Yes.

Mr. MICA. OK. If you would like to respond.

Mr. RECTOR. Yes. I think the first, most important thing is to judge by the bottom line. Maine does not have a particularly successful record in terms of reducing dependence. If you look at those States that do have successful records in terms of reducing dependence, they have very deliberately shifted the orientation away from education and training and on to an immediate work requirement either through a subsidized job in Oregon or through community service in Wisconsin.

The reality is, for example, that training programs simply do not succeed in doing what they purport to do, which is to raise the hourly wage rate of the trainee by putting them in better jobs. The Labor Department itself did a massive study on JPTA, which concluded that it effectively had no impact on the hourly wage rate.

Those people who run successful programs and really understand the system understand one thing, that in the current context, education and training for recipients is often a mechanism for avoiding the work obligation, OK. Everybody who's at the ground level in welfare knows that. You give a person, well, you can either go here and be a Candy Stripper in the hospital and clean up the hospital, or you can go over here and sit in the classroom for 6 months. The going and sitting in the classroom is an avenue to prolonging welfare dependence rather than getting off.

Mr. MICA. Thank you for your comments.

Well, I guess, if you could just really quickly summarize, Mr. Tetro.

Mr. TETRO. Just a real quick comment because I agree again, ironically. The State of Maine is one of those States that has left the responsibility of welfare reform in the hands of welfare bureaucracy. We think that's a mistake in Maine, and we think it's a mistake across the country, and I included that comment in my testimony.

I agree we have to focus these programs on performance results, and the answer is in a workplace-based strategy, not in a strategy that takes people out of the labor market. And my final illustration would be this: We were heavily involved early on in helping Maine's Workers Compensation Reform Program get underway. And there, as here, the single most important determinant was, when you intervened, and if you did it immediately, you had a profoundly positive effect. When they got in the system, the people were lost in that system and stranded in that system. Work first is a very beneficial strategy and is what all look forward to.

Mr. MICA. I appreciate your testimony.

I yield to the ranking member, Mr. Cummings.

Mr. CUMMINGS. I'm just curious about some things, Mr. Tetro.

Mr. TETRO. Yes.

Mr. CUMMINGS. Is all your training, is it on—is it on the job training?

Mr. TETRO. I—

Mr. CUMMINGS. You disagree with Mr. Rector, and I'm trying to see where we fit here.

Mr. TETRO. OK. Our work—in our work we run Job Corps centers, which are residential schools.

Mr. CUMMINGS. Right. I'm familiar with Job Corps.

Mr. TETRO. OK, and that's the preponderance of our work. We also run career advancement centers.

Mr. CUMMINGS. But isn't that a program just like a program—I mean, Job Corps trains people, and then hopefully they go out to work.

Mr. TETRO. Job Corps trains people and is quite successful as a vocational-career-oriented school system in delivering those students into work, yes.

Mr. CUMMINGS. Well, I'm confused. You just said you agree with Mr. Rector, and Mr. Rector said that, and correct me if I'm wrong, that you need to get people to work, you don't need the programs. And I'm trying to—I'm confused as to you—then you agree with them, but the very program you run is a very program, I take it, that he thinks is a waste of time.

Mr. TETRO. And again I'd say it all really boils down to what you're talking about. When we're speaking in the precise ways as we are here, it's confusing.

Mr. CUMMINGS. Yes it is.

Mr. TETRO. Work-based learning is powerful. Job Corps increasingly does it. It's one of the reasons why as a school it's successful and increasingly will be successful. Combining learning with work is a very effective strategy.

What I was agreeing to that he suggested was that getting people to work as quickly as possible, and I'm saying in delivering the

performance support, learning there is a more cost-efficient and effective way to do that than our alternative ways such as taking people and putting them through long periods of school and separate them from work.

That's not to say that school is bad or that formal learning isn't any good. That isn't what I'm saying. But I'm saying that when you're looking at delivering in a very focused way the result of moving welfare recipients into work, a strategy that organizes learning and quickly moves people, that employment status is a very powerful one and works.

Job Corps also works, as do other training programs. We, as an organization, bring people into training programs and deliver them out very successfully. Over 71 percent of the people that come into our programs, all of them are placed at the end of the programs. We do longer-term followup than the Government. We're interested in making sure that those people stick, their employment rates downstream are higher, as one would want them to be and expect them to be. Our wage recovery rates outperform the national system quite substantially.

So it's not to say that one shouldn't do programs. It's to say that, in coming at this, we can be more sophisticated than to talk in simplistic terms about either this way over here or that, and need to really look at what the result is we're trying to create, what the best strategy is to create it, what resources are available to us, and in combination make choices. And some of the times those result in long-term programs, and other times they can be very quick placement kind of activities.

Mr. CUMMINGS. Mr. Rector, I'm fascinated by your comments about child care. As a father who has two kids and who runs around and tries to get my children to school and to day care, and they have to be at a certain place at a certain time by 6 o'clock when I'm in Baltimore or else they charge me more, or—maybe I'm—maybe—children—I'm just confused. I mean, do you have children?

Mr. RECTOR. Yes.

Mr. CUMMINGS. Oh, OK. I was just curious.

I am just curious. It seems to me that that could be and is a problem when you don't have child care.

Mr. RECTOR. The—I agree. I mean, I think your perception is exactly the common perception. In fact, it was my perception a couple of years ago, that this was a substantial obstacle. The reality is, though, if you go on the ground in a place like Milwaukee, it is not.

Mr. CUMMINGS. Who is keeping the kids?

Mr. RECTOR. Who?

Mr. CUMMINGS. Who is keeping the kids?

Mr. RECTOR. Grandma, the aunt, several ladies down the street in a day care center, and they are all mixing together. And the reality is that there is a whole abundance, perhaps more so in these intercity communities than anyplace else in the country, an abundance of people available to take care of kids.

Mr. CUMMINGS. Was there any analysis as to the quality of the day care? Because I have a 3-year-old and I know it makes a difference if the 3-year-old is staying with some lady down the street,

who may have a sixth grade reading level, as opposed to being in some kind of day care.

And you made an interesting comment, and I want to just quote these two things up. In your statement, I don't think you mentioned this, but you said something very interesting in your written statement. You said studies which compared children on welfare with children not on welfare show that it is actually welfare dependence not poverty which harms children. Being raised on welfare lowers children's IQs, increases school failure and diminishes a child's future earnings as an adult. Welfare is a system of child abuse. By radically reducing dependence, reforms will improve the future well-being of children.

Mr. RECTOR. That's right.

Mr. CUMMINGS. All right. So I am trying to put these two together.

Mr. RECTOR. I would say I thank you for reading that. That—the biggest effect in terms of children's development is the negative image that they got from having a role model in the home, that there is no role model of a working adult. OK? Another big advantage is not having a father in the home. Day care relative to that is just not that big a deal.

If the goal is to have kids in some type of very, very effective child development program or something like that, that's a separate policy goal. OK? And maybe that's a laudable goal. But what we can agree on is that the other goal, of reducing dependence, OK, is also a laudable goal and that is even more important in terms of the child's development.

So the first and foremost question is, in terms of reducing dependence, is there adequate day care out there? And the answer is, it is in every community it—where I have these programs I have seen put into effect is, yes, it is not a real problem. And most of the researchers, particularly Dr. Larry Meade, who is the No. 1 researcher in this field, has been for 10 years, it has never been a substantial problem.

Now, if you have a separate policy goal—so people can find day care. They can get into the labor market. If you have a separate policy goal of saying, well, maybe we ought to look at whether that's the best day care developmentally and we ought to have more subsidies to get them into higher quality care, fine. But that's a different issue. It's an additional issue.

Mr. CUMMINGS. Can we—let's stay there for a moment. Day care is expensive. And I know maybe, maybe—I mean, even if you are talking about somebody who is keeping a child as a relative, I mean, whatever.

Mr. RECTOR. Uh-huh.

Mr. CUMMINGS. And if you already have a low paying job and you are paying, even if it is \$60—I mean, let's say \$60, \$70 every 2 weeks, I mean, that's low, low.

Mr. RECTOR. Uh-huh.

Mr. CUMMINGS. But I am just saying, if you have a limited budget, I mean—

Mr. RECTOR. The day care—

Mr. CUMMINGS. Maybe I am in another world or something.

Mr. RECTOR. Day care in Oregon and Wisconsin is subsidized. They provide an awful lot of subsidized day care. If you look in my testimony, Document 5 shows the increase in subsidized day care in Wisconsin. But the fact of the matter is that as your caseload drops 55 percent, for heaven's sakes, that provides the State with just an enormous surplus of funding to use for all kinds of day care subsidies.

Mr. CUMMINGS. Let me ask you—

Mr. RECTOR. I mean, that's why, even as the other States have done nothing in comparison to Wisconsin, but they are beginning to run big surpluses in the AFDC program under the new system. They actually are ending up with a lot more money, which can go for day care or can go for a variety of different things. I would not personally put it into day care. I would put it into other things, like school reform, but the surplus funds are there that you can provide subsidized day care.

Now, what they do do in Wisconsin is they do require a certain copayment, a small copayment from the parent, on day care, which makes the parent a little bit more prudent—

Mr. CUMMINGS. Sure.

Mr. RECTOR [continuing]. In how that money is spent. But they are spending a lot of money on day care and they are perfectly willing to do that. But they are saving far, far more money by—in close to a third of the counties in Wisconsin, the caseload has already dropped over 80 percent.

Mr. CUMMINGS. But you are saying, then, that day care does help in Wisconsin then?

Mr. RECTOR. It is an absolutely key part of it. But it is not that there is a physical shortage of day care and therefore people can't get work. OK? There needs to be a subsidy to day care, but there is not a physical shortage of day care that prevents mothers from taking jobs. And in every situation where I have seen a serious work program go in, a shortage of day care has never been a major impediment.

You could go all the way back to a study that we did in the late 1970's, called the Seattle-Denver Income Maintenance Experiment. It was the biggest controlled experiment on welfare in the history of this country and the world. It did not find that a shortage of day care was—way back in the 1970's, didn't find it was a major impediment to employment.

Mr. CUMMINGS. But on the other hand—well, I am not going to belabor the point, but Wisconsin provides a substantial amount of funds for day care.

Mr. RECTOR. Absolutely.

Mr. CUMMINGS. I mean, you have really—I mean, I think we agree on that point, I think. But let me go to something else.

If you were—if you went to Baltimore and you made this statement about lowering IQ, and I am sure you have got the studies to back it up, I think you would find that you would run into some problems, because some of the greatest leaders in our city, unfortunately, when they came up, they were on—they come from welfare families, and some of the most brilliant people in our State.

As a matter of fact, one of the—the Secretary of Children, Youth and Families for the State of Maryland comes from a welfare fam-

ily, where all of her brothers and sisters are—have a Masters or above, and the mother was home. And I am not trying to defend welfare, because I believe welfare needs to be reformed. But the mother was at home. You know, like the “Father Knows Best,” all that kind of stuff. Apparently there was some value in a mother being at home with those children to raise them.

I know our society has changed substantially, but I just—I am just curious, since you are saying that poverty is welfare that causes children to have lower IQs and do poorly in life, I am just wondering, you know, what your reaction is to what I just said.

Mr. RECTOR. Well, clearly that doesn’t mean that everyone who is raised in welfare is going to be a failure. Obviously, we can turn around and in any room find that that’s not the case. On the other hand, I have always—I have—there are people who have jumped out of airplanes without parachutes and survived. That’s not a policy that I think we would recommend. OK?

The reality is that statistically it is not a good idea to jump out of an airplane without a parachute and statistically it is not a good idea to be—to have a child out of wedlock and raise that child on welfare. OK? That all other things held constant, that’s going to be a downer for the child. It is going to reduce the child’s probability of success.

Does that mean that there won’t be 500,000 kids who are raised exactly in those circumstances and go on to be brilliant successes? Absolutely not. But on average, it is a very negative thing. It is something that we want to avoid.

And I do believe that, in fact, a mother in the home does have a positive effect. But you need a whole home environment. What I think that is best for kids is a two-parent family, particularly for young boys. That father figure in the home is very, very important, two-parent family, lots of care and love, a model of self-sufficiency, not a negative image of prolonged welfare dependence. That’s the best model for children to be raised in. That’s where we are all, I think, trying to go in welfare reform.

Mr. CUMMINGS. I don’t have anything else.

Mr. MICA. I have no further questions of the panel. I think you have provided some interesting testimony, if not controversial. We appreciate your taking time to be with us and contribute today.

As you see, we have a tough task in overseeing all of Federal policy relating to Federal employment, and this is one element, one question, and one proposal that we must address. We thank you for providing us your comments and testimony. This panel is excused.

[The information referred to follows:]

Manpower Demonstration
Research Corporation

Memo

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Regional Office: 88 Kearny Street, Suite 1800, San Francisco, CA 94108

Tel. #: (415) 781-3800 Fax #: (415) 781-3820

TO: Ned Lynch

From: Jim Riccio 

Date: May 12, 1997

Re: Federal funding disclosure

Attached are copies of MDRC's "schedule of federal awards" for 1995 and 1994. Our 1996 books are still being audited. We should have a comparable schedule of awards for that year by the end of June.

Please let me know if you need the 1996 schedule or any other information.

(A clean copy is being mailed to you.)

1995

Mitchell & Titus, LLP

Manpower Demonstration Research Corporation
 SCHEDULE OF FEDERAL AWARDS
 For the year ended December 31, 1995

	Grant No.	CFDA Number	Grant Award Period	Grant Award Amount	Total Current Year Expenditures	State Portion of Expenditures	Federal Portion of Expenditures
Major Programs							
Jobs Evaluation U.S. D.H.H.S.	HHS-100-89-0030	13.780	9/30/89-12/31/00	\$29,583,855	\$4,172,009	\$ -	\$4,172,009
Family Transition Project Florida D.H.R.S.	MF-520	13.780	2/17/94-11/30/99	2,797,307	379,438	189,719	189,719
MFIP Evaluation Minnesota D.H.S.	55000-31133-01	13.780	1/31/93-12/31/00	4,300,000	945,889	472,944	472,945
Sub-total				36,681,162	5,497,336	662,663	4,834,673
Parents' Fair Share U.S. D.H.H.S.	90FF0024	13.782	6/30/94-6/29/96	2,600,000	1,358,821	-	1,358,821
HUD Project U.S. H.U.D.	H-5952CA	14.506	8/1/94-3/31/96	335,000	167,836	-	167,836
Career Academies U.S. D.O.L.	F-4271-300-80-60	17.249	7/1/93-6/30/96	600,000	218,870	-	218,870
CET U.S. D.O.L.	K-5527-5-00-80-30	17.249	6/27/95-6/26/00	2,213,635	123,343	-	123,343
Sub-total				2,813,635	342,213	-	342,213

Mitchell & Titus, LLC

Manpower Demonstration Research Corporation
SCHEDULE OF FEDERAL AWARDS
 For the year ended December 31, 1995

	Grant No.	CFDA Number	Grant Award Period	Grant Award Amount	Total Current Year Expenditures	State Portion of Expenditures	Federal Portion of Expenditures
Major Programs							
Career Academies							
U.S. D.O.E.	RR94148001	N/A	8/31/94-8/30/99	\$1,249,422	\$281,226	\$ -	\$281,226
Vermont Evaluations							
Vermont D.S.W.	0950295	93.560	12/1/93-6/30/02	2,999,661	231,266	115,633	115,633
GAIN Evaluation							
California D.S.S.	35203	93.560	1/1/86-6/30/96	12,888,220	213,730	106,865	106,865
LEAP Evaluation							
Ohio D.H.S.	C90-007-0 C92-07-032 C94-07-192 and C06-05-245	93.561	1/30/89-2/1/97	3,572,488	296,492	148,246	148,246
Sub-total				19,460,369	741,488	370,744	370,744
Project "A Fair Chance"							
Connecticut D.S.S.	P.S. 486	N/A	10/13/94-6/30/01	2,999,335	108,577	-	108,577
Total major programs				\$66,138,923	\$8,497,497	\$1,033,407	\$7,464,090

**Mitchell,
Titus & Co.**

1994

**Manpower Demonstration Research Corporation
SCHEDULE OF FEDERAL AWARDS
For the year ended December 31, 1994**

	CFDA Number	Grant No.	Grant Award Period	Grant Award Amount	Total Current Year Expenditures	State Portion of Expenditures	Federal Portion of Expenditures
MAJOR PROGRAMS:							
Jobs Evaluation U.S. D.H.S.	13.780	HHS-100-89-0000	9/30/89-12/31/90	\$26,178,996	\$ 3,869,604	\$ -	\$ 3,869,604
Project Independence Florida D.H.S.	13.780	MF-105	9/25/89-12/31/94	3,164,500	329,220	164,610	164,610
Family Transition Project Florida D.H.S.	13.780	MF-520	2/17/94-11/30/99	2,797,307	298,146	149,073	149,073
MRIP Evaluation Minnesota D.H.S.	13.780	55000-31133-01	1/31/93-12/31/90	4,300,000	549,959	274,979	274,980
Sub-total				36,440,803	5,046,929	588,662	4,458,267
GAIN Evaluation California D.S.S.	13.782	35203-A-9	1/1/86-6/30/95	\$12,587,910	\$ 461,372	\$ 230,661	\$ 230,661
Parents' Fair Share U.S. D.H.S.	13.782	90FR0024-01	6/30/94-6/29/95	1,000,000	316,943	-	316,943
Sub-total				13,587,910	778,265	230,661	547,604

Manpower Demonstration Research Corporation
SCHEDULE OF FEDERAL AWARDS
For the year ended December 31, 1994

	<u>Grant No.</u>	<u>CFDA Number</u>	<u>Grant Award Period</u>	<u>Grant Award Amount</u>	<u>Total Current Year Expenditures</u>	<u>State Portion of Expenditures</u>	<u>Federal Portion of Expenditures</u>
HUD Project U.S. HUD.	H-5952CA	14.506	8/1/94-9/29/95	\$ 335,000	\$ 150,000	\$ -	\$ 150,000
New Chance Demonstration U.S. D.O.L.	99-9-3356-98-003-02	17207	12/4/88-6/4/94	2,750,000	239,674	-	239,674
Career Academics U.S. D.O.L.	F-4271-300-80-60	17249	7/1/93-6/30/95	400,000	219,195	-	219,195
Vermont Evaluations Vermont D.S.W.	0950295	93.560	12/1/93-6/30/2002	2,999,661	233,805	116,902	116,903
LEAP Evaluation Ohio D.H.S.	C90-007-0 C92-07-032 and C94-07-192	93.561	1/30/89-6/30/95	3,047,407	588,739	453,918	134,821
Sub-total				9,532,068	1,431,413	570,820	860,593
Total Major Programs				59,560,781	7,256,607	1,390,143	5,866,464
NONMAJOR PROGRAMS:							
Career Academics U.S. D.O.E.	RR94148001	N/A	8/31/94-8/30/99	\$ 1,249,422	\$ 57,641	\$ -	\$ 57,641
Project "A Fair Chance" Connecticut D.S.S.	P.S. 486	N/A	10/13/94-6/30/2001	2,999,335	82,529	-	82,529
Total Nonmajor Programs				4,248,757	140,170	-	140,170
Total				\$63,809,538	\$7,396,777	\$1,390,143	\$6,006,634

Mr. MICA. I would like to call our last panel, which consists of one of our colleagues, Congresswoman Johnson from Texas. She has introduced a bill, H.R. 1066, that would provide, as I understand it, a preference for those who are on welfare for Federal employment. And since her proposed legislation dealt with this subject, we thought it would be appropriate to hear her proposal today.

We welcome our colleague. As you know, you are allowed to submit additional testimony for the record, but we welcome and recognize you to summarize your proposal. Thank you.

**STATEMENT OF HON. EDDIE BERNICE JOHNSON, A
REPRESENTATIVE IN CONGRESS FROM THE STATE OF TEXAS**

Ms. JOHNSON. Thank you very much, Mr. Chairman.

I appreciate this opportunity to speak on behalf of the Welfare to Work initiative. Programs which create jobs for welfare recipients are vital to restoring the family's stability and financial security. In light of recent welfare laws, such programs are more important than ever.

I think I will leave the rest of my written testimony for submission and simply make a statement.

Clearly, in order to reform welfare as we have passed, we must offer real incentives for people to go to work. And actually, it is sometimes just a human frailty to choose those persons who might qualify the same as others, but to choose those persons that maybe look a little better, dressed a bit more upscale and perhaps have had a more consistent work history in the past.

Very, very frequently, those persons leaving welfare and going to work are persons who have had to go in and out of the workforce because as soon as their children get sick they have to quit in order to get health care accessibility. And I have lots of experience with this in the State of Texas. That is the State with the largest number of working parents without health care coverage.

So when they return to the workforce making very low wages usually, it is very difficult for someone to look at a record and decide to hire them and give them an opportunity.

I am simply proposing that we add a 3 percent advantage for those persons who are seeking work. It does not interfere with the veterans preference. It does not create quotas. It is not race-based. It is simply making a little further effort to bring persons from the welfare to the workplace.

We cannot just pass welfare and expect that it is going to automatically and magically work. We have to take strong steps to make it work, to make sure those opportunities are there to put these parents to work. I have visited with them. I have worked—I have observed over the years that most of the people that I have talked with want to work, but because of the cost of health care, because of the wages, most of the persons who are on welfare because of poverty and opportunities for the lowest income jobs they cannot support a family.

This is simply an incentive that I ask to be really seriously considered, to give a little opportunity, a little extra nudge, to the employer, to offer this opportunity to the one who is leaving and attempting to go into the marketplace for work and leaving the welfare system.

We simply, as a country, must do this. We must make efforts to make opportunities for those people who have not had the opportunities in the past. Incentives often have died, simply because of the toil of trying to get into the workplace and trying to live on very low income wages.

I think that any further plea would be redundant, but I will answer any questions and I will ask unanimous consent to submit my written statement to the record.

Mr. MICA. Thank you. And without objection, your complete statement will be made a part of the record.

[The prepared statement of Hon. Eddie Bernice Johnson follows:]

Congresswoman Eddie Bernice Johnson (D-TX)
Testimony on
Welfare to Work Initiatives
Committee on Government Reform and Oversight
Civil Service Subcommittee
April 24, 1997

Mr. Chairman, thank you for the opportunity to speak on behalf of the Welfare-to-Work initiative. Programs which create jobs for welfare recipients are vital to restoring the family's stability and financial security. In light of recent welfare laws, such programs are more important than ever.

In the 104th Congress, legislation was passed and signed by President Clinton that was designed to radically reform the welfare system. While much of the authority and oversight over welfare has now been delegated to the states, the federal government can still play a roll in assisting individuals to get off the welfare rolls and into productive jobs that allow them to provide for their families and become taxpaying citizens.

The creation of jobs is a large task to pursue. The goal of President Clinton's plan is to help one million welfare recipients transition into jobs by the year 2000. Needless to say, this monumental effort will require bipartisan cooperation and a basic support for humankind.

When children suffer the brunt of the problems endured by families, this makes it everyone's problem.

This country is beginning to realize the devastating impact that poverty has on children. With the numbers of uninsured children on the rise, we must find ways to protect their health and well-being.

At the root of the problem is the fact that the uninsured children are simply the products of their parents, and often working parents, who do not have insurance. Without jobs and employers who are willing to provide basic health care benefits, adults and children alike will remain uninsured.

We have all seen and read reports that discuss the importance of nutrition and environment in early childhood as factors in future academic and professional performance. Assisting parents to work and provide healthy, stimulating environments for their children benefits us all.

The Welfare-to-Work Jobs Initiative will provide assistance in creating new job opportunities in the private and not-for-profit sectors for long-term welfare recipients. Importantly, full funding will only be given upon a showing of successful placements lasting at a minimum of nine months.

This nation's leaders should develop alternatives that will assist welfare recipients who are now facing unrelenting pressure to find employment before their benefits are terminated. One such alternative is H.R. 1066, the Federal Job Opportunities Act, which helps welfare recipients secure employment.

This measure embraces the President's plan by allowing a preference for welfare recipients who take the civil service examination. Specifically, if the applicant meets strict criteria for qualification, he or she will be entitled to 3 additional points.

It is important to note that this preference would not override existing preferences, such as those enjoyed by veterans or federal employees facing reductions in force.

I would expect measures such as Welfare-to-Work and the Federal Job Opportunities Act to receive widespread support since they provide incentives for working and alternatives to relying on the government. The 104th Congress was determined to prevent dependency on the government. Now, it is our civic duty to provide a means for independence.

We've taken away the subsistence of some. It is now time to give these families the opportunities to provide for their own subsistence. We now have the opportunity to put some dignity back into America's homes. Gainful employment is the answer. I hope you all will agree with me.

Again, thank you for allowing me the opportunity to testify on behalf of this worthwhile program.

Mr. MICA. Could I ask you, first, if you made—I am not sure when you introduced your bill, but did you propose this before the President's action in directing the agencies to look at this, or afterwards?

Ms. JOHNSON. Well, I came here with this in mind this year, after visiting around my district and around the State. So the first year—I am not sure when I actually dropped it in, but it was certainly before the President's.

Mr. MICA. It was before the President's?

Ms. JOHNSON. Yes.

Mr. MICA. Well, my question, then, is, rather than to set this into law or a requirement that—

Ms. JOHNSON. It works in conjunction now.

Mr. MICA [continuing]. The Congress must address, could you be satisfied or are you satisfied with what the President has proposed? And we—this is not an easy thing to implement, even his directive to the agencies, and it is not certainly without controversy. You missed the first couple of panels here. And it is very difficult to implement. The timing couldn't be worse because we are in a time of unprecedented RIFs, downsizing.

Ms. JOHNSON. It doesn't conflict with the RIFs. It has a provision in there that allows it not to conflict with those jobs that are at risk and might be RIFed.

Mr. MICA. Well, they are trying to work through this. The President has directed it. It is not mandated by law. But that is not satisfactory to you. You would like to see it instituted through legislative procedures as you have recommended. And that's your bottom line?

Ms. JOHNSON. Mr. Chairman, I have been in this business 25 years. Bottom lines are determined by the numbers of people on that committee.

Mr. MICA. That you can get votes?

Ms. JOHNSON. That's right.

Mr. MICA. I didn't ask you if you had the votes. But you are not interested in basically taking the President's proposal? You want to pursue this further, legislatively?

Ms. JOHNSON. Mr. Chairman, I feel that it will work in conjunction with the President's proposal. The reason I feel strongly about this proposal is because I know from personal experience and from the experience of observation, if two people come to apply, and this job will not—there will be no obligation to hire this person unless there is an opening, and clearly if a RIF is going on where people have to go into other areas, those positions will not be advertised until they are settled. And then if there is an opening, they are advertised as openings.

If two people walk into a room and one is looking very well-groomed and very updated in their attire and seem very familiar with the workplace, that welfare recipient who perhaps does not have the money to look as well, to have had as consistent employment, is not going to be the one chosen unless there is some incentive for sensitivity to give that person a chance or an opportunity. And that is why I feel very strongly.

I am interested in relieving us of welfare altogether, but we have to have opportunities and incentives for employers and employees

to be cooperatively surviving together. And one of the ways we can do this is to get the attention of the employer, and 3 points is not very much. You know, anything that causes change is often controversial, and this is a change.

Reforming welfare was a major change and has caused a great deal of attention, as well as frustration, questions and suspicions. But we have a responsibility to make it work and this, I feel, though small, can have some impact in making it work.

Mr. MICA. Well, I appreciate the intent of your proposal. The premise, though, that in Federal employment that someone who comes in that is dressed or looks better, to my knowledge employment, Federal employment, isn't conducted or applicants aren't considered on that basis. I think it is pretty much a blind assessment of the individual, but based on the qualifications they set forth on paper.

All things being equal, you would be giving a 3 percentage—or 3 point preference to folks. And we must preserve that equality and standard of employment in our merit system so these folks would be picked out.

We heard testimony earlier that we have tens of thousands of people who have been RIFed or have been laid off and are even on priority waiting lists to come back on and they have no preference.

Ms. JOHNSON. They are given preference in this bill because it does not compete with those persons who are in the RIF situation.

Mr. MICA. OK. Well, but you have set up a preference for them then. You address that problem?

Ms. JOHNSON. Yes. But the preference only begins after the RIFed employees are taken care of. It does not compete with veterans. It does not compete with—

Mr. MICA. It may be a nonprogram then because of the backlog that we have. That may not be the case.

Ms. JOHNSON. Sure.

Mr. MICA. Again, I just wanted to point out that difference, as I see it. Everyone should be treated equally, blindly and fairly in the selection process, but will receive this preference within the guidelines which you have set forth?

Ms. JOHNSON. Mr. Chairman, let me say this: I have been a Federal employee in a supervisory position most of my career. I know what happens in the workplace. I have been pretty much a supervisor or some senior level person within Federal Government the majority of my years as an adult, starting at age 19 as I graduated from nursing, going to work at the Veterans Administration Hospital and being a head nurse by age 21. I have seen what happens in the Federal workplace.

I simply want to encourage opportunity for those we want to take care of themselves. I believe strongly that people ought to be self-sufficient, but I also know from experience that they cannot be without an opportunity. And these are the people who have the least opportunity. They are white, they are black, they are Hispanic, all over this country. And in Texas, the majority of them are white.

I am not attempting to add another layer of quotas for minorities, except for the fact that these are people trapped at the bottom because of their opportunity and income limitation. I simply plead

for a little helping hand to be sure that we accomplish what we intend when we make welfare work, and the only way we make it work is to provide opportunity for work.

And I thank you for consideration.

Mr. MICA. I thank you.

Ms. JOHNSON. Please don't shut it out. Think about it a little longer.

Mr. MICA. We have—

Ms. JOHNSON. I am depending on you.

Mr. MICA. We have opened the opportunity for you to testify and discuss the measure. Now, I would like to yield to our ranking member, Mr. Cummings.

Mr. CUMMINGS. I just have a few questions, Congresswoman Johnson. I certainly understand your concern, and I admire you for your commitment. It is a difficult problem, and I do understand what you say when you say that you are trying to help some people who oftentimes are passed over.

My question goes to a little bit earlier somebody said something here that was very interesting. They said that they did not want to create a situation where it was attractive to be on welfare and then—so that you could accomplish some things. We see that—and I am just wondering—do you understand the concern?

Ms. JOHNSON. Yes, sir. That reminds me of somebody saying the only reason somebody had another baby is because they are going to get a little bit more on welfare. I think it is the same false theory.

Mr. CUMMINGS. Well, could you elaborate?

Ms. JOHNSON. Yes. Very honestly—

Mr. CUMMINGS. I am not saying I agree with it, but I just wanted you to address that concern.

Ms. JOHNSON. Sure. I have heard so many times that welfare recipients have more babies because they will get more money. Well, in Texas, the most you will ever get for all of your life in Texas is \$56 a month for Aid to Dependent Children. Nobody can live on that. That is not an incentive.

But when people are trapped at the bottom, they do lose encouragement. They lose the sense of having an opportunity. And unless there is some kind of understanding of those persons in charge of hiring, they are trapped. Unless there is some opportunity where they can be consciously looked upon as someone that must be helped to work, they are trapped out of the system.

They cannot make it independently, and that's what we all strive for is independence and self-supportiveness. We have got to do something.

Mr. CUMMINGS. You know, it was very interesting. A little bit earlier the folks who testified from the Government made a big deal of saying that the President's proposal is one which will treat everybody pretty much the same across the board.

In other words, they were targeting people who were on welfare trying to get them off of welfare, but that if somebody came in—and I call them, say, the working poor—the working poor comes in, and they are alongside somebody on welfare, that they would all be treated the same.

And as you know, there are a lot of people who would never accept a dime of welfare, no matter what. They just wouldn't do it. They would dig a ditch before they would do that.

Ms. JOHNSON. My parents were that way.

Mr. CUMMINGS. Yes, mine were, too. So I am wondering, does this—and I haven't read your proposal, but does this give an advantage if over—let's say, for example, our parents came in and they really hit hard times, couldn't find any other way and after several years of working hard and doing the best they could with what they had and then they come in at the same time someone who has been on welfare comes in, I mean, is that—would your legislation give them an advantage over somebody like our parents?

Ms. JOHNSON. I think to a certain degree, it would. And the reason why is because initial jobs, the initial effort to get into the workplace, from the welfare system, is what it targets. And if there are persons who are already working, then clearly although they might be making less at that point, it does still give the incentive to that person leaving the welfare roll to come into the workplace.

Mr. CUMMINGS. I don't know whether you were here a little bit earlier—and this is my last comment—when Mrs. Norton was here, one of the things she talked about was the significance of having a job, of just getting a job and so that you could create some kind of work record so that—and it sounds like you are saying pretty much the same thing, that that is a significant thing. I guess there is a difference between someone who has had a track record and someone who has no track record.

Ms. JOHNSON. Yes. Because often what happens is that persons who are working, who are in that category that you mentioned, will have to stop working and go into the welfare system if a child gets sick. And when they are in that situation where they have been off or had to quit because of that, then they qualify to go to—to use that 3 point incentive, simply because the other opportunities are not there if you can't buy them.

If your job is such, and most—and that's where you don't have insurance is low-income workers. It is rare that poor children go from birth to adulthood without illnesses. The risks are higher; the living situations; the food content or even the knowledge of attempting to eat correctly, the risk of having to do a number of things that middle and upper income people don't even have to deal with in getting to school, or leaks in the home, the illness is much more likely for children in poverty. Therefore, their parents are often in and out of the workforce because they do not have access.

Those are the ones that don't have access to health care because they don't qualify for Medicaid if they are working and cannot afford—or the companies do not afford them the opportunity to buy their own insurance. I mean, in Texas, we are working to try to get opportunities for people to simply buy their own health insurance coverage. Often, that opportunity is not offered from jobs.

Mr. CUMMINGS. Thank you.

Ms. JOHNSON. Thank you.

Mr. MICA. Well, I thank our colleague—

Ms. JOHNSON. Thank you very much.

Mr. MICA [continuing]. For coming forward with her proposal. As you know, the administration is having a tough sale with their pro-

posal just in their directive. So I don't want to be too encouraging, but we do want you to have a forum to present your proposal.

Ms. JOHNSON. Sure. I thank you very much, Mr. Chairman. Let me say that if you like it and don't like the administration's, don't hold it against me. If it works, you know, you put it together. But put me in my category of trying to really help and do the best I can to try to see if we can get this.

Mr. MICA. You have been around a long time.

Ms. JOHNSON. I know you don't care much for this administration.

Mr. MICA. A lot longer than both Mr. Cummings and myself, and you know the process and the consensus building that is required to make any proposal a law or prevail here.

Ms. JOHNSON. Well, let me ask this: Are you saying that if the administration endorses this, it will have a better chance?

Mr. MICA. Oh, certainly, certainly. And we asked them that question earlier.

Ms. JOHNSON. OK.

Mr. MICA. And they are noncommittal at this time.

Ms. JOHNSON. OK.

Mr. MICA. So I think it wouldn't hurt for you to discuss your proposal with the administration.

Ms. JOHNSON. Thank you.

Mr. MICA. The more support from any corridor you can generate here, the better.

Ms. JOHNSON. Thank you. I will start by asking you and if you lead the way, I will get the rest of it.

Mr. MICA. Well, I thank you. I will yield on that to our ranking member who just joined us today. We will work together, and we do appreciate your willingness to come forward. It fit in perfectly with the subject and matter under consideration as the initial proposal by the administration. So we thank you.

Ms. JOHNSON. Thank you.

Mr. MICA. There being no further business to come before the subcommittee, this meeting is adjourned.

[Whereupon, at 1:10 p.m., the subcommittee was adjourned.]

[Additional information submitted for the hearing record follows:]

STATEMENT OF DENIS P. GALVIN, ACTING DIRECTOR, NATIONAL PARK SERVICE, DEPARTMENT OF THE INTERIOR, BEFORE THE SUBCOMMITTEE ON CIVIL SERVICE OF THE HOUSE COMMITTEE ON GOVERNMENT REFORM AND OVERSIGHT, CONCERNING GOVERNMENT EMPLOYMENT FOR WELFARE RECIPIENTS.

APRIL 24, 1997

Mr. Chairman, I appreciate this opportunity to submit a statement for the record concerning the President's proposal to hire welfare recipients and its effect on the National Park Service.

The National Park Service (NPS) strongly supports the Welfare-to-Work Initiative. The plan for implementing the initiative within the Department of the Interior was issued to bureaus on April 16, 1997. Each of the eight Interior bureaus and the Office of the Secretary have been asked to submit Welfare-to-Work plans by May 23, 1997.

The Department of the Interior has projected that it will hire 50 welfare recipients in FY 1997 and a total of 325 by FY 2000. While it would be possible to hire welfare recipients into our seasonal/temporary positions, we feel that it will be more beneficial for both the recipients and our organization to primarily target positions in our permanent workforce for this initiative.

As we develop our final Welfare-to-Work plan, we will be targeting the job categories outlined in the Department of the Interior's plan. These categories will include a variety of clerical positions as well as trade occupations such as laborers, custodians, and maintenance workers. We are now beginning to target geographic locations throughout our 374 park sites as well as regional and headquarters offices in major cities throughout the nation. When completed in May, our Welfare-

to-Work plan will provide a more detailed explanation of our recruitment methods, target positions and work locations for the Program.

Mr. Chairman, I will now address the issues raised in your letter of invitation to this hearing.

QUALIFICATIONS AND CREDENTIALS: Most temporary/seasonal hires in NPS are Park Rangers, Park Guides, Visitor Use Assistants, Biological Science Technicians, and Forestry Technicians at the GS-3, 4, and 5 levels. Generally, qualifications for these positions are:

GS-3 - 1 year of college with specialized course work depending on the occupation; or
1 year of general experience at the next lower grade level

GS-4 - 2 years of college with specialized course work depending on the occupation; or
2 years of general experience at the next lower grade level

GS-5 - 4 years of college with specialized course work depending on the occupation; or 1
year of specialized experience at the next lower grade level.

We also hire a large number of temporary/seasonal Maintenance Workers at the WG-3, 4, and 5 levels; and Laborers at the WG-2 and 3 levels. These occupations require that the applicant possess the skills of the particular trade at the level of the position to be filled. For example,

applicants for Laborer positions may be required to have experience in the use of hand tools or simple power equipment.

DUTIES, SUPERVISION, AND TRAINING: Temporary/seasonal employees are expected to fully meet the qualifications for their positions prior to being hired. No formal training beyond basic introduction to the work situation is normally offered.

Park Ranger - The duties of park rangers vary greatly from position to position and may include providing visitor services; interpreting a park's natural, historic, or archeological features through talks, guided walks, and demonstrations; working at an information desk; implementing resource management programs, including fire control, performing search-and-rescue activities; and providing for the public's safety through law enforcement. Supervision provided at the lower grade levels includes specific oral or written instructions and close monitoring of work. Higher-level work is performed more independently with supervisors not always present at the individual work site.

Park Guide - Employees in these positions provide guided tours, present formal talks on natural and historic features of parks, answer visitor's questions, and provide other miscellaneous services to visitors. Supervisors provide lower-level employees with detailed instructions, answer unusual questions, and occasionally monitor tours. Supervision is less detailed at the higher levels.

Visitor Use Assistant - Employees in these positions collect and account for fees and provide

information and other miscellaneous services to visitors. Supervisors initially give oral or written instructions to employees, and work is checked for accuracy and quality.

Biological Science Technician - Employees perform tasks relating to the research, survey, and management of natural resources of parks. Duties may include collecting and summarizing data on plants and wildlife, locating and mapping species, and preparing reports. Basic work instructions are provided, but the employees are expected to work independently in completing assigned tasks.

Forestry Technician - Forestry Technicians normally perform work associated with wildland fire or prescribed natural fire management. Duties include such work as direct fire suppression, monitoring prescribed fires, collecting fuel moisture samples, and performing aerial fire detection. The employees sometimes serve as leaders of small teams. They are expected to work independently and for long periods of time without close supervision.

Maintenance Worker - These employees perform a variety of basic trade practices (carpentry, painting, and plumbing) to maintain and repair grounds, exterior structures, and buildings. The work requires the use of tools associated with the specific trade such as hammers, drills, and pipe wrenches. The supervisor provides detailed instructions for new assignments, but routine work is performed independently.

Laborer - Employees in laborer positions perform manual tasks such as picking up trash, pulling weeds, watering grass, mowing lawns, digging ditches, emptying garbage cans, and clearing small trees and bushes. The duties involve moderate physical effort and the safe use of common hand tools and simple power equipment. Supervision includes oral or written instructions. At the lower-grade level, supervisors frequently check work being performed.

INSURANCE AND RETIREMENT PROGRAMS: Temporary/seasonal employees, whose appointments are limited to a year or less, are not eligible for health or life insurance and may not participate in Federal retirement programs. However, former welfare recipients can be hired under the Worker-Trainee program as suggested in the President's plan. Appointments under this program are "term" appointments not to exceed 3 years, and convey all benefits and possible conversion to permanent appointment after 3 years of service if the employee has performed satisfactorily.

CONVERSION TO PERMANENT STATUS: We have no specific goals for converting our temporary/seasonal workforce to permanent positions. Temporary/seasonal employees are considered to be a valuable resource pool of candidates for permanent positions; however, temporary/seasonal employees must go through a competitive process to become career employees. This process normally involves announcing a vacant position, rating and ranking all eligible candidates, and applying veterans preference rules to selections.

DIVERSITY: The National Park Service has established a work group to develop a plan to

improve our recruitment efforts and to ensure that our applicant pools are more diverse. The definition of "more diverse" in this context means that the applicant pools for positions within the National Park Service should reflect representation from those groups, as defined by the Equal Employment Opportunity Commission (EEOC), as having been historically underrepresented in the majority of our occupations. These EEO groups are White women, Blacks, Hispanics, Asian American/Pacific Islanders, and American Indian/Alaskan Natives.

The work group will be developing and identifying recruitment practices that are successful in yielding diverse applicant pools. The Recruitment Work Group is beginning its work this week. Some of the measures we plan to utilize within the National Park Service include diversifying our applicant pools; increasing the awareness of our diversity objectives among our managers and supervisors; creating work environments that are conducive to diverse employees, ensuring that our supervisors and managers are accountable for selecting the best qualified applicants in accordance with the Departmental policy and mission; and monitoring changes in our workforce.

You have asked us to comment on what effect the President's program will have on diversity, including recruitment and training costs. To do so would be extremely difficult because we know so little about the pool of welfare recipients that would be available for our positions at various locations throughout the country. However, welfare recipients will be treated as all other applicants in terms of meeting basic qualifications for positions.

This concludes our statement. Please feel free to contact the Department of the Interior if you have any other questions concerning our program.



NATIONAL ASSOCIATION OF GOVERNMENT EMPLOYEES

AFFILIATED WITH THE SERVICE EMPLOYEES INTERNATIONAL UNION, AFL/CIO

317 South Patrick Street
Alexandria, VA 22314

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E-mail nage @ crois.com

April 21, 1997

Honorable John L. Mica
Chairman
Civil Service Subcommittee
Committee on Government Reform & Oversight
2157 Rayburn House Office Building
Washington, DC 20515-6143

Dear Chairman Mica:

On behalf of the entire membership of the National Association of Government Employees (NAGE), I wish to thank you for holding a hearing regarding federal hiring of individuals off the welfare rolls. The NAGE has deep concerns over President Clinton's decision to hire 10,000 welfare recipients and place them in federal employment.

In response to President Clinton's decision to hire these individuals, NAGE sent a letter to the White House. I am requesting that this letter be submitted as part of the record for this hearing.

Thank you again for holding this hearing on this most important issue. If I can be of service to you or your subcommittee, please do not hesitate to contact me.

Sincerely,

Kenneth T. Lyons
Kenneth T. Lyons
National President

encl.

NAGE **NATIONAL ASSOCIATION OF GOVERNMENT EMPLOYEES**
AFFILIATED WITH THE SERVICE EMPLOYEES INTERNATIONAL UNION, AFL/CIO
 317 South Patrick Street Telephone 703/519-0300
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 E-mail nage @ erols.com

April 11, 1997

The Honorable William J. Clinton
 The White House
 Washington, DC 20500

Dear Mr. President:

On behalf of the 120,000 members of the National Association of Government Employees, I am writing to discuss yesterday's announcement that 10,000 welfare recipients will be hired to work in jobs throughout the Federal Government.

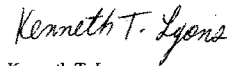
While the concept of welfare reform is admirable and one we support, I believe that hiring individuals in agencies that are undergoing or have been subjected to downsizing will simply result in replacing one group of displaced workers with another. I believe it would be inappropriate and unfair for employees who have been separated through reductions-in-force to be replaced by individuals off the welfare rolls.

I might add that it would certainly have been appropriate for your representatives to have sought the views of our organization on this initiative's potential impact on our members. I understand from news reports that a spokesman for your administration indicated such consultation did take place with the American Federation of Government Employees, and that the AFGE blessed the program. Please be advised that there are other, less compliant views than those of the AFGE on matters affecting the Federal workforce. Perhaps you had momentarily forgotten that the NAGE was among those who supported your reelection.

As an alternative to placing welfare recipients in agencies affected by budget restraints, I propose that these individuals be placed in a formal employment program that is appropriately funded by the Congress and is structured to ensure that the work functions performed do not pose a threat to the job security of current career employees of the Federal Government. I believe there are many areas in the Federal sector where such individuals could contribute and not compete with existing employees.

I urge you to use caution in placing former welfare recipients in positions with the Federal Government. Rather than rushing to place all 10,000 on the rolls immediately, it must be recognized that for many, this may be their first experience in a workplace environment. It would be a disservice both to the individuals and the agencies involved to place them in the workplace without the necessary training and indoctrination that will help the persons involved adjust to their new circumstances. To ignore this consideration is to invite eventual frustration and unmet expectations.

Sincerely,

A handwritten signature in cursive script that reads "Kenneth T. Lyons".

Kenneth T. Lyons
National President

PREPARED STATEMENT OF
DR. MARTHA FARNSWORTH RICHE
DIRECTOR OF THE BUREAU OF THE CENSUS
UNITED STATES DEPARTMENT OF COMMERCE
Before the Subcommittee on the Civil Service
Committee on Government Reform and Oversight
U.S. House of Representatives

April 24, 1997

Mr. Chairman and Members of the Subcommittee:

Thank you for the opportunity to make this statement about Census 2000 opportunities for employment of welfare recipients as part of President Clinton's welfare-to-work initiative.

I share Secretary Daley's commitment to hiring welfare recipients to work on Census 2000. We get the best census when census takers are from the neighborhood. They know their neighbors better than the Census Bureau or any other government agency. In many neighborhoods, welfare recipients will be a primary source of job candidates.

Current plans to perform Census 2000 will require that we hire about 280,000 workers to perform such census-taking tasks as enumeration of the population and address verification. It is difficult to say with confidence how many welfare recipients we will be able to hire in Census 2000, but we believe that our goal of hiring 4, 000 welfare recipients during the period 1998-1999 is a reasonable one.

While these jobs will be temporary, we believe census employment will provide effective training and work skills that can be a valuable first step toward entering the workforce.

The decennial census poses unique recruitment and hiring challenges. We have to build a large army of workers to complete a large task in a short period of time. Our experience has shown that having enumerators work in the areas in which they live--that is, having enumerators who know their assignment areas and who are known in their area--can contribute to a more successful census. Some of the areas that are most difficult to enumerate also have disproportionate numbers of welfare recipients. We have believed for some time that we would need to actively recruit welfare recipients as part of our broad pool of census jobs candidates, as we have in previous censuses. For the 1990 census, program agencies provided waivers that allowed welfare, food stamp, and other benefit recipients to work on the census without any

offset to their benefits. We are aggressively seeking similar waivers for Census 2000 as a way of increasing our potential labor pool.

The Administration has made it clear that no new preference is being created for hiring welfare recipients. Thus welfare recipients will go through the same selection process as all other job candidates for Census 2000. I will now describe the qualifications and credentials required for census enumerators in the 1990 census. We plan to have the same qualifications for Census 2000.

All job applicants must take a written test that assesses basic job-related abilities. There is no educational requirement for persons 18 years old and over. Persons aged 16 and 17 can be hired if they meet the conditions of employment set by state or local laws and are either high school graduates or have equivalent education. All job candidates will undergo criminal history checks. Conviction of a violation of the law since 18 for something other than a minor traffic violation, could be a basis for not selecting an individual. Although prior work experience is not a prerequisite for any position, for those individuals with prior work experience we check with their past employers to see if they have been reliable, honest, and good performers.

For the 1990 census, we hired, over the full course of the census, about 500,000 nonsupervisory enumerator and clerical staff. Based on information from a sample of these staff, we estimate that their average years of schooling was 13. Training for most assignments averaged 2-3 days and, depending on the job, could consist of a combination of classroom training and field experience. In the future, we would expect other organizations to assist us in enhancing our training program by providing "success in the workplace" transition training and support, as appropriate.

These short term temporary employees were not paid at GS rates but received administratively determined hourly rates based on the type of job, the geographic area, and the level of difficulty in enumerating and recruiting in that area. Hourly rates ranged from \$5-\$10 in 1990, with the higher rates for enumerator jobs in areas where enumerating and recruiting was most difficult. In addition to the hourly wage, enumerators for some field operations could receive supplemental pay for meeting production and assignment completion goals. They were reimbursed for official travel expenses and telephone calls incurred in completing their assignments.

Enumerators are entitled to benefits under the Federal Employees' Compensation Act, which provides compensation to employees for disability due to personal injury sustained while in the performance of duty or for employment-related disease. Compensation includes direct medical benefits and a continuation of regular pay for a period not exceeding 45 calendar days. Also provided is compensation for loss of wages for temporary total disability and benefits to dependents if the injury or disease causes the employee's death.

We do not anticipate any inequities between employees hired under the President's initiative and those hired by traditional hiring practices because all will be hired by the same process. We do not anticipate any new potential costs arising from this initiative. All the jobs welfare recipients will fill for Census 2000 are "real" jobs that would have to be filled with or without the initiative.